PEOPLE
Survivor Quits Troop After Kicking Inside

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International Herald Tribune

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No. 33,679 24/91 ** PARIS, MONDAY, JUNE 10, 1991 ESTABLISHED 1887

China Arms Worry West

Beijing Said to Step Up Its Sales Abroad

By Nicholas D. Kristof
New York Times Service

BEIJING — Western diplomats and other experts are concerned by indications that China is seeking to increase its share of the world market for missiles and other heavy weapons.

The Chinese military, the experts say, may begin shipments of two new kinds of missiles to Syria and Pakistan, and perhaps to other countries as well. The new missiles, which are apparently more accurate than the Soviet-designed Scuds used by Iraq in the Gulf war, are thought to be at the end of the development stage and could be deployed soon.

Short of money and therefore eager to peddle weapons around the world, China, the experts say, may be on a collision course with a Western consensus aimed at slowing the international arms race.

With the decline of the Soviet Union and Eastern Europe as arms merchants to ambitious dictators, China, in the view of some, is emerging as a rogue nation: A major nuclear and conventional power has been trolling for weapons deals in troubled waters around the world.

China vigorously objects to such a characterization, and points out that it sells far fewer weapons than either the United States or the Soviet Union. If Washington can sell arms to the Middle East, it asks, why not Beijing?

Still, China's weapons sales are becoming a growing source of friction with the United States, and a factor in the debate about whether to cut off China's most-favored-nation trade benefits.

In a sign of American concern, Reginald Bartholomew, the undersecretary of state for international security affairs, is scheduled to visit Beijing from June 17 to 19 to discuss weapons proliferation.

Apparently intending to ease the friction and improve its image, China has accepted an invitation from President George Bush to attend a July conference of major powers to discuss limits on arms sales to the Middle East.

But whether China will agree to do more than talk about the issue may depend on the outcome of disagreements within the Chinese government — between the Foreign Ministry, which would like to curtail proliferation to improve the nation's image, and the army, which wants to raise funds through the sale of weapons and is known to regard the Foreign Ministry as weak-kneed.

Diplomats and other experts say that the new international interest in China's arms sales reflects changes not so much in China as in the rest of the world. For most of the last decade, the People's Liberation Army eagerly pursued arms deals, but now there is far less sympathy for China than before.

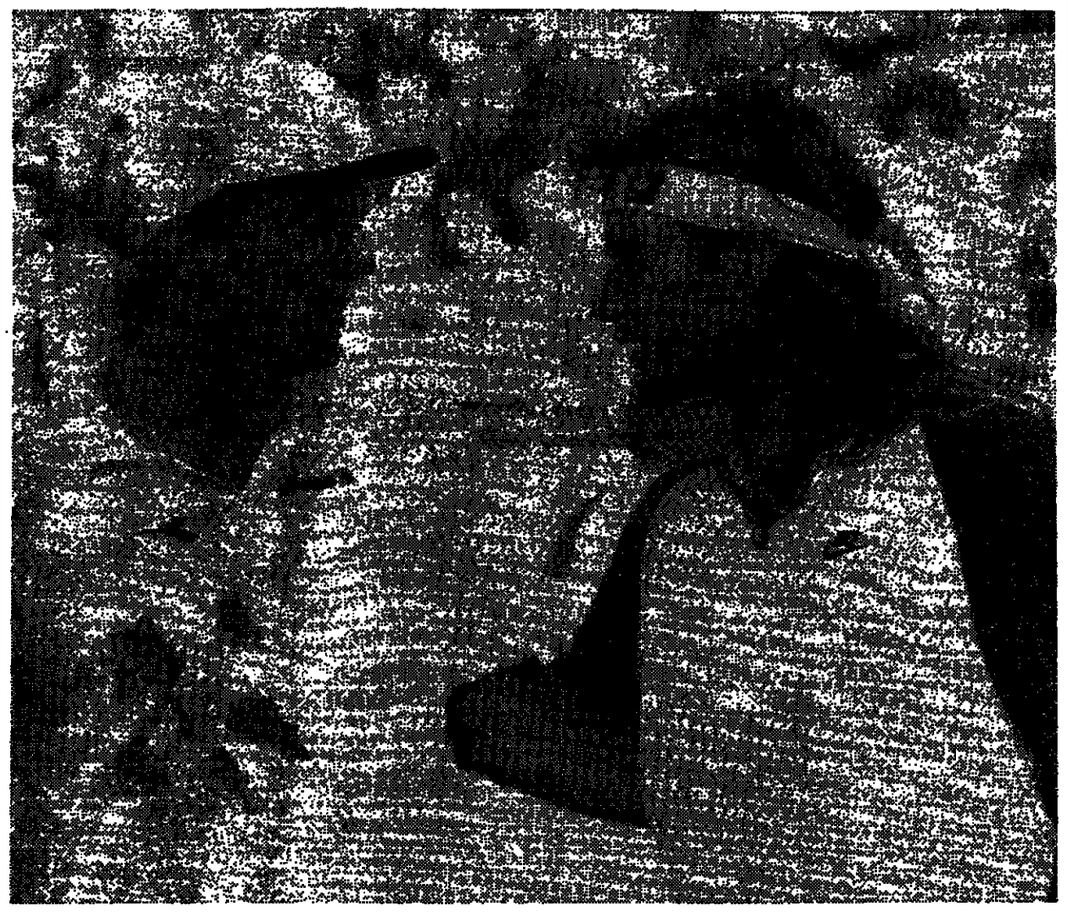
In addition, the United States and other Western nations are talking about curtailing the arms race in the Middle East and elsewhere, and China could upset such plans.

"They are doing things that they've been doing all along, but we have a lower level of tolerance than we did a few years ago," said a Western diplomat in Beijing. "In addition, what they were doing all along now seems to be coming to fruition in a number of cases."

What is coming to fruition appears to be the development of the M-9 and M-11 missiles, and plans to sell them to Syria, Pakistan and probably other nations as well.

The missiles apparently have not

See CHINA, Page 4



Laurent Rebours-The Associated Press

Courier Defeats Agassi to Win French Open

Jim Courier, left, receiving congratulations from Andre Agassi, his longtime rival, whom he defeated to win the French Open in Paris on Sunday. Courier triumphed in five sets, 3-6, 6-4, 2-6, 6-1, 6-4, in a match twice interrupted by rain. Page 17.

Gorbachev Arouses Concern In U.S.

Some in Congress See 'Extortion' In Aid Warnings

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — Three prominent senators expressed concern Sunday that President Mikhail S. Gorbachev was using a subtle form of "extortion" by suggesting that global instability could result unless Moscow's program for economic change succeeded.

In his Nobel prize acceptance speech last week in Oslo, Mr. Gorbachev said that if *perestroika* failed, "the prospect of entering a new, peaceful period in history will vanish, as least for the foreseeable future."

Daniel Patrick Moynihan, a member of the Senate Foreign Relations Committee, said in a broadcast interview Sunday that this amounted to "extortion," although Mr. Gorbachev had not specifically requested Western economic aid.

"It's a little bit like the bank robber with the nitroglycerine," said the New York Democrat. "Well, that nitroglycerine is, in fact, 30,000 nuclear warheads, run by an elite force of 300,000 people, some of whom don't get fed."

On the same broadcast, Bill Bradley, Democrat of New Jersey, called it "a new form of nuclear blackmail" but said that the Soviet nuclear arsenal was believed to be carefully safeguarded.

With the Soviet Union encountering increasing internal conflict, Western security analysts have raised questions in recent months about the safety of Soviet nuclear weapons should civil war or similar disturbances erupt. Some of the weapons are reported to have been removed from republics in which unrest has flared.

Mr. Bradley, a member of the Senate intelligence committee: "The fact of the matter is that the Soviet military has the capacity and the determination to control nuclear weapons. They have the command and control systems. They have nuclear security that's aimed at unconventional threats, both civilian and military."

Many Soviet republics have stated their willingness "to cooperate in the control of nuclear weapons," Mr. Bradley, a Soviet specialist, said.

He said the nuclear forces were "overwhelmingly Russian," and "overwhelmingly located" in the Russian Republic.

"I don't think we should exaggerate this fear," he added, "and I don't think that we should be blackmailed by the threat."

Several vital questions about possible U.S. aid to the Soviet Union remain unresolved.

Although President George Bush has said he wants to help Moscow, the White House has not yet announced its plans: preferential trading status, direct economic aid or credits for the purchase of grain.

In another broadcast interview, Sam Nunn, chairman of the Senate Armed Services Committee, seemed to agree with Mr. Gorbachev about the potential implications of a Soviet failure to transform the economy.

"It is not in our interests for a country that has 10 to 20 thousand nuclear weapons to go into chaos," the Georgia Democrat said.

Gang War Infects the Intifada

By Jackson Diehl
Washington Post Service

NABLUS, Israeli-Occupied West Bank — The violence erupted suddenly a week ago: First a pistol shot, then a burst of automatic gunfire echoed from the center of the old city casbah here.

Said Kanaan, a local shopkeeper and Palestinian political activist, went running from his store toward the sound, convinced that Israeli soldiers were gunning down stone-throwing youths.

He was wrong.

"When I got there," he said, "I saw that the Israelis had nothing to do with it. It was shocking. Only the Palestinian youth were involved, the army was nowhere near. They were preparing for real battle — Uzis, M-16s, grenades, you name it."

He and other local Palestinian leaders eventually managed to restore order, separating two groups of youths who were fighting for control of the casbah.

But at least four persons had been wounded by gunfire. One, a local Palestine Liberation Organization activist wanted by the army, was shot, moved to a hospital, then stabbed on an operating table by youths from the rival Islamic Resistance movement.

The casbah battle sent shock waves through the West Bank and Gaza Strip, where Palestinians engaged in the fourth year of their uprising, or *intifada*, against Israeli rule are struggling to control rivalry among the half-dozen political factions vying for influence.

Yitzhak Shamir raises new conditions for peace talks. Page 5.

Within days, senior leaders in Nablus and the West Bank had jointly issued leaflets condemning the clash, set up an investigation and appointed committees to resolve disputes between the PLO and the Islamic Resistance, which is known as Hamas.

Still, activists say, the elaborate political arrangements did little to address what many see as the real cause of the trouble — not political competition among Palestinian groups, but a more fundamental disorder infecting the intifada: It appears to have bred a generation of young men as eager to kill other Arabs as to fight the Israelis.

"These youth are very desperate, very volatile, charged with emotion against everything," said Mr. Kanaan. "Even Arafat will find himself one day unable to control these youngsters, who will throw off any influence from above and resort to armed struggle." He was referring to Yasser Arafat, the PLO chairman.

Although the intifada has been almost dormant since the end of the Gulf war, killings among Palestinians have surged to an all-time high, perpetrated by gangs of masked youths who have defied all attempts to stop them.

According to the Israeli human rights group B'Tselem, the army killed 18 Palestinians in April and May, one-third more than in the previous two-month period.

During the same time, however, Western news agencies counted at least 45 slayings of Palestinians by other Arabs, including a number of killings involving torture and mutilation.

Most of those killed had been accused of spying for Israel's security services in the territories. But a growing number of Palestinian leaders concede that the army is

See INTIFADA, Page 4

Philippine Volcano Threatens U.S. Base

Compiled by Our Staff From Dispatches

MANILA — The U.S. Air Force ordered the evacuation on Monday of thousands of Americans from Clark Air Base in the Philippines, threatened by ashes and debris from a volcanic eruption, a spokesman said.

The volcano exploded Sunday in the northern Philippines about 13 kilometers west of Clark, one of the largest U.S. military bases in Asia.

A Clark spokesman, Lieutenant Colonel Ron Rand, said early Monday that thousands of Americans working at the base and their dependents would be evacuated to Subic Bay Naval Base because volcanic activity had grown stronger overnight.

There were no immediate reports of casualties.

The volcano, in the Zambales region about 90 kilometers (55 miles) northwest of Manila, sent ash and smoke into the sky as far as the South China Sea, 30 kilometers away, and rivers of lava and mud coursed down its flanks. It had been dormant for six centuries.

U.S. officials had earlier recalled all military personnel to the air base, evacuated all hospital patients and flown all the base's aircraft elsewhere.

Officials said that about 15,000 Filipinos had fled villages around the base of the volcano, Mount Pinatubo.

About 16,000 troops, dependents and civilian employees live or work at Clark.

Lieutenant Colonel Rand had said Sunday on the U.S. military television Far East Network that preparations for a mass evacuation were being stepped up and that school classes were suspended beginning Monday.

He said that the evacuees would be protected by police and Marines with helicopter support. There have been threats and attacks on U.S. personnel in the Philippines, primarily from Communist guerrillas.

A U.S. Embassy spokesman in Manila said "no weapons systems" were threatened at Clark, but in

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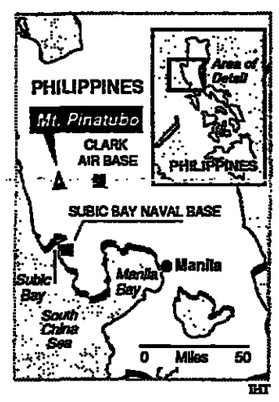

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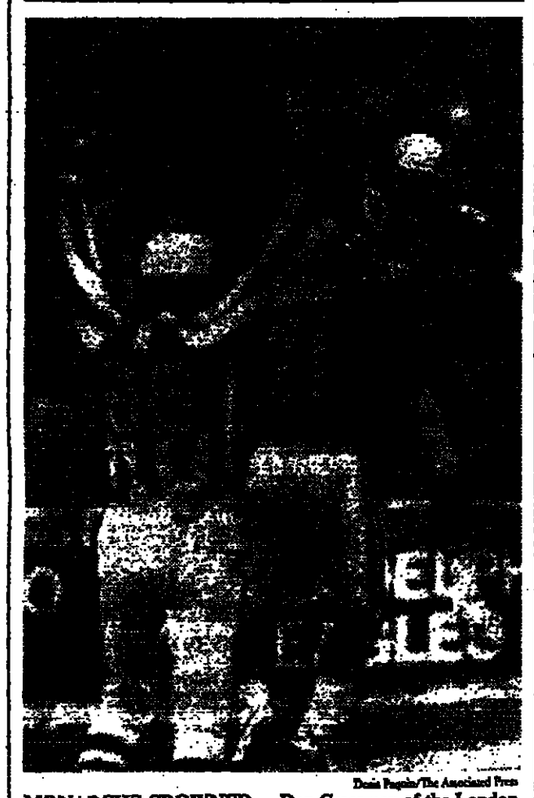

Denis Paquin/The Associated Press

MONARCHS CROWNED — Dan Crossman of the London Monarchs after scoring Sunday. London iced Barcelona, 21-0, for first World League of American Football title. Page 17.

Waldheim Flies to Iran Talks

TEHRAN (Reuters) — President Kurt Waldheim of Austria arrived in Tehran on Sunday for the first visit to Iran by a Western head of state since the 1979 Islamic Revolution. He was welcomed by President Hashemi Rafsanjani, the Iranian news agency reported, and is expected to discuss Middle East peace issues and the fate of Western hostages in Lebanon.

Mr. Waldheim, former secretary-general of the United Nations, is largely shunned by Western leaders because of a controvery over his duties in the German Army during World War II. He will follow his four-day state visit to Tehran with a two-day visit to Syria.

General News

Gulf war victory parade No. 1 lets loose a storm of pride in the American capital. Page 5.

Business/Finance

The Soviet Union is considering the creation of an export development bank. Page 11.

Crossword Page 4.

U.S. and Kremlin: Economic Questions, Not Arms

By Thomas L. Friedman
New York Times Service

WASHINGTON — Although the Soviet and U.S. foreign ministers have been meeting almost weekly to try to tie up long-delayed arms control agreements, the real focus of relations between Moscow and Washington has radically shifted to economics and the question of how the West can help transform Soviet society.

Don't be fooled by the recent attention that Washington and Moscow have been paying to arms control, say both Soviet and U.S. officials. They are the wave of the past. The reason for the recent burst of arms-control activity is that the Soviets are eager to get the conventional and nuclear agreements out of the way — because Washington has made it a condition for a summit meeting that would focus primarily on economic help — and Washington is eager to exploit Moscow's vulnerability.

Indeed, the joke making the rounds as Secretary of State James A. Baker 3d and the Soviet foreign minister, Alexander A. Bessmertnykh, were meeting in Geneva last week

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was that Washington should simply offer to buy all of the Soviet Union's nuclear missiles, and thereby simultaneously wind up the nuclear arms reduction talks and help Moscow solve its economic problems.

"The whole focus of the relationship is shifting," said an administration Soviet expert. "Even though Baker is dashing off to Geneva to deal with arms control, issues like that — which dominated the agenda in the '70s and '80s — are taking a back seat to economics. The real discussions will be about what is going on inside the Soviet Union."

In the last two weeks alone the State Department's Soviet desk has played host to representatives of the Soviet Democratic Russian Party, members of the Azari Popular Front, Armenian politicans and businessmen, the foreign minister of the Republic of Georgia, Baltic leaders and members of the Supreme Soviet. None of them came to talk about arms control. They want to establish their own direct contacts with Washington, they want economic and political advice, and they want money.

But while the focus of the relationship is shifting, it is not doing so overnight, and that explains in part why it took months to tie up the conventional-arms treaty and why it could take several more to finish the strategic-arms reduction treaty, although both sides seem to want it out of the way.

The transformation of the relationship, U.S. and Soviet experts say, is being driven primarily by the revolution inside the Soviet Union, in which Mr. Gorbachev is required to juggle various coalitions, prompting radical policy zigs and zags. Last fall, when he was cracking down in the Baltics and leaning on conservatives, the army and the KGB for support, the relationship with the West noticeably cooled.

Now that Mr. Gorbachev is more desperate for help, and has apparently concluded that the hard-liners have little to offer and that the reformers are an increasingly potent political force, he has lurched in the other direction, asking the seven major industrial-

See SOVIETS, Page 4

The Deutsche Bank chief urges unity on Soviet aid. Monday Q&A. Page 2.

At Soweto-by-Sea, Only an Ill Wind

By Christopher S. Wren
New York Times Service

SOWETO-BY-THE-SEA, South Africa — For the 80,000 or more slum dwellers of this teeming shantytown near the Indian Ocean, the dismantling of apartheid undertaken by President Frederik W. de Klerk promises only continuing unemployment, homelessness, malnutrition and despair.

These walking casualties of four decades of apartheid are among the 7 million of South Africa's 28 million blacks who subsist in shacks and squatter camps across the country. Their number easily exceeds the white population of 5 million.

The dramatic reforms by Mr. de Klerk have irrevocably altered laws and politics in South Africa, but they are having little effect on its *ukuhleleleka*, or the marginalized ones, as they are called in the Xhosa dialect. Poverty still excludes their participation.

They cannot afford to buy property no longer restricted for whites. The opening of hospitals of all races is immaterial because they lack money for medical care. Most cannot read or write sufficiently to aspire to jobs from which they were once legally barred.

In Soweto-by-the-Sea, near Port Elizabeth, the ukuhleleleka live jammed into about 14,000 shacks built from corrugated metal, wooden packing cases, and whatever else can be scavenged. They overflow a squalid city without schools, hospitals, community centers, parks, sidewalks, or street lights.

Uncollected garbage spills into the rutted dirt alleys. Mosquitoes breed in fetid pools of rainwater. The only toilets are buckets. Electricity, drainage, sewage systems, and paved streets do not exist. But crime, drunkenness, and rage are commonplace.

Here children go to bed hungry. Their fathers venture out to beg for a day's menial labor. Their mothers vie for water at a communal spigot serving 1,200 people. Among those lucky enough to find steady work, the income for a family of six in Soweto-by-the-Sea averages barely $43 a week.

Such a resident, Eunice Skweyiya, emerged listlessly from her one-room shack to see her 13-year-old son Boysie off to the afternoon shift of an overcrowded

See SOWETO, Page 4

A Very Dry Run for German Fast Train

By Richard E. Smith
International Herald Tribune

FRANKFURT — Nothing spoils a German party faster than beer taps and toilets that don't work.

The Bundesbahn, Germany's railway system, learned its lesson last week when outraged passengers of its newly inaugurated high-speed trains found themselves high and dry.

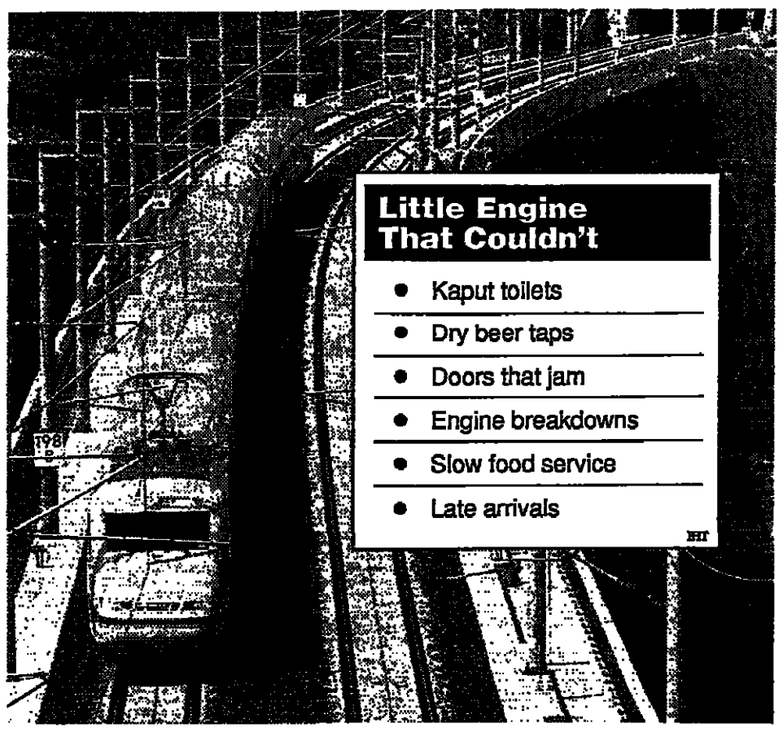
After a week in service, the new system has been plagued with jamming doors, slow food service and three engine breakdowns in addition to spotty performances by toilets and beer taps, which rely on electrical current.

Although the Bundesbahn dismissed these as teething problems and said they would be taken care of in the next two weeks, restless passengers were not the only ones asking whether this was any way to run a railroad.

The Bundesbahn spent 18 million Deutsche marks ($10.6 million) in its most lavish advertising campaign ever and President Richard von Weizsäcker said it meant the renaissance of the railway.

"It's never good to start off like this," said John Hoblyn of the British consulting firm Steer Da-

See TRAIN, Page 4



U.K. Enticed Hess to Drop In, KGB Files Indicate

By Craig R. Whitney
New York Times Service

MOSCOW — Top-secret documents released by the KGB assert that the sensational flight of Hitler's former deputy, Rudolf Hess, to Scotland 50 years ago was no surprise to British intelligence, which allegedly lured him with false promises of a peace settlement.

The documents seem to support the case that Mr. Hess was convinced that Britain could be persuaded to make peace with Germany on the eve of Hitler's attack on the Soviet Union on June 22, 1941, and undertook his 1,450-kilometer (900-mile) solo flight to achieve it.

The files, including reports from Kim Philby, the Englishman who spied for the Soviets, provide new evidence that British intelligence might have known that Mr. Hess was coming long before he landed near the Scottish estate of the duke of Hamilton on May 11, 1941.

The duke denied Mr. Hess's assertion that there were months of prior correspondence between them, but according to the KGB archives, British intelligence carried it out in in Lord Hamilton's name without his knowledge.

Whether the British tried to lure Mr. Hess simply to capture him and embarrass Hitler, or whether there might have been a British government faction seriously interested in striking a deal with the Germans, is a mystery that might not be resolved unless the British files are finally opened.

The peek into the files was recently provided by a senior KGB press officer, Oleg I. Tsarev. On the third floor of the KGB's former fortress of doom, the Lubyanka prison, he briefly showed what he said was the whole Hess file — carefully bound in a 5-centimeter (2-inch) stack from the files of Stalin's NKVD — but said he had been able to get only some of the documents cleared for release.

Publicly dismissed by the British as a madman, Mr. Hess became a prisoner of war and was sentenced at Nuremberg to life. He committed suicide in Spandau Prison in 1987.

Britain has sealed the archives on Mr. Hess's interrogations until 2017; the Foreign Office has not revealed why the files remain closed. "I think it's high time to open up the archives of the British government," said Mr. Tsarev. "They are angry because we hit the nail on the head."

The British authorities, he said, would not give him a visa to go to England last month for the publication of a book on the case by the British historian John Costello.

Mr. Costello said he was persuaded that the KGB documents were authentic.

The assertion that the British government knew more than it let on about Mr. Hess's flight is not new. But Mr. Tsarev has turned up new Soviet evidence on the case, including two top-secret reports from Mr. Philby that were sent to Moscow by Soviet intelligence in London.

Obtaining his information from Tom Dupree, a British diplomat and a longtime friend, Mr. Philby told his Soviet controllers on May 22, less than two weeks after the landing in Scotland, that Mr. Hess had said he wrote Lord Hamilton weeks before the flight.

The letter was intercepted by British intelligence, Mr. Philby said, adding that Mr. Hess believed there was a strong anti-Churchill party in England that would use his flight to Britain to make peace with the Germans.

The strength of the pro-German party in Britain in 1940 has long been disputed among historians, but documents from another Soviet source confirm some of Mr. Philby's other information. Those were from Assistant, the KGB cover name for Colonel Frantisek Moravetz, chief of Czechoslovak military intelligence in exile in London.

Stalin's chief of secret police, Lavrenti P. Beria, found his revelations about Mr. Hess's preparations worthy of a top-secret memorandum to his leader on Oct. 2, 1942.

"Hess corresponded with Lord Hamilton about this question long before the completion of the flight," Mr. Beria wrote. "In this correspondence all the questions of organization of the flight were discussed in detail. However, Hamilton himself did not take part in the correspondence."

British intelligence had faked it.

"According to Moravetz," Mr. Beria went on, "Hess's letters rather clearly laid out plans of the German government connected with the attack on the Soviet Union."

Deutsche Bank Chief on Soviet Aid: Unify Efforts

Hilmar Kopper, spokesman of the Board of Managing Directors of Deutsche Bank, participated in last week's International Monetary Conference, the annual meeting of the chairmen of the world's largest commercial banks. He spoke with Carl Gewirtz at that meeting in Osaka, Japan.

Q. Should Mikhail S. Gorbachev be invited to attend next month's summit meeting of the Group of Seven?

A. I think he should be there. I think he would like to present his case. We must be careful, it's very difficult to predict what would be the outcome of that meeting.

There are different attitudes about aid to the Soviet Union. Should we help now, how and with how much? But joint discussion on all these hot topics is much better than having another trip by Mr. Gorbachev through Europe collecting money here and there on a bilateral basis, something we saw last year.

Q. And why do you object to that? Because Germany has the deepest pockets?

A. No, not for that reason. I think it's much better that the important nations form a common view on the subject. That could be much more effective. Maybe then the West will have one story from Mr. Gorbachev. I don't know that there aren't many different stories so far.

●

Q. Deutsche was the first German bank to establish loan-loss reserves on loans to the Soviet Union. Was this intended as a signal that the bank would be unwilling to lend more?

A. No, that was not done to serve as a signal. I don't know that we were the first to make such a decision. Maybe we were the first to disclose it because this year we were the first of the German banks to report 1990 results.

MONDAY Q&A

Q. What is the significance of the decision to establish loan-loss reserves?

A. We've always had a very Deutsche Bank attitude toward provision making. It's not a political or financial signal to the outside world. It has something to do with what we think we have to do to discount for possible future developments to make a good, strong balance sheet.

●

Q. But doesn't that inhibit you from making new loans?

A. Not really. It doesn't make it any easier, of course. It will be on a case-by-case basis. We have loan-loss provisions on 59 countries. There are always cases where you continue lending, but it may be structured differently.

Q. Are you concerned about the Bundesbank's losing some of its independence?

A. No, not at all. I see no reason why it should lose any of its independence. It has nothing to do with the change in the presidency of the bank.

Q. What about its anti-inflation reputation with the reconstitution of the board? You see no danger that it will become more concerned about growth with the addition of representatives from the five new eastern states?

A. No. I continne to have full trust in the independence of the Bundesbank and in its prime aim to foster stability.

The issue is not only about the five new regions, the issue is also really about whether the central bank's council can be restructured. It's maybe already too big.

●

Q. Is it that a smaller number would make it easier for the council to function, or is it a fear that the five new eastern states would press for growth rather than controlling inflation?

A. No, I don't think the council would be unduly influenced by the five new regions. There is no political motive in that sense. The aim is just to get the size of the council down or to prevent it from growing even larger. I fear that something has been construed behind that exercise that has never even existed.

Q. Will the new requirements on bank capital set by the Bank for International Settlements and the rules on corporate loans impinge on Deutsche's traditional close relations with industry?

A. That just means we must get the risk-reward ratio right. We must get the margins right. This is a process that is under way throughout the world. In that respect, we're very much helped internationally by the shortage of equity.

We've seen margins go up considerably in some of the financial sectors. Basically, Deutsche Bank and some of the banks on the Continent that have enough equity can make use of the opportunity. The same is true for the Swiss.

●

Q. Make use in what way?

A. We can do additional volumes at better margins, while others may also have better margins but no additional volumes because of capital constraints. For now, we're in a very favorable position. And we try to make proper use of it.

Q. Which means?

A. We're not overdoing it. We are not volume-hungry. We try to pick the good risks at better margins.

Q. Essentially German?

A. There are some equity restraints on the British banks. That applies all over — for some Italian banks and for some French banks. Not to forget, in operating results 1990 was the best year Deutsche Bank has ever had — here again, a trend that is very different compared to many things happening around us, with exceptions like J.P. Morgan. When a situation is bad, it's not always bad for everyone.

Czechs Cool To Meeting Sought by Mitterrand

By Joseph Fitchett
International Herald Tribune

BARDEJOV, Czechoslovakia — In an international embarrassment for President François Mitterrand, Czechoslovakia has decided to downgrade a Prague conference this week that he had sought as a grandiose launching pad for his idea of a European confederation.

Czechoslovak doubts about the session started when President Vaclav Havel rejected the French leader's proposal that the three-day international conference exclude the United States but include the Soviet Union.

The French idea of a "European confederation" was floated after the Berlin Wall fell in late 1989. It was, French officials said at the time, "a phrase to supplant Soviet talk of a common European house" and to offer East Europeans a link with Western Europe while they awaited the possibility of membership in the European Community.

Mr. Mitterrand's desire for a high-profile meeting is particularly surprising now, as EC discussions with the new democracies in Eastern Europe are well advanced. The timing, diplomats suggested, reflected the French leader's efforts to project an image of France as a special partner for the East.

Mr. Mitterrand had counted on the prestige of the Prague leader to gain credibility for the idea. But Mr. Havel was "dumbfounded" by anti-American overtones in Mr. Mitterrand's conversations, according to an aide.

Prague's firmness prevailed. "Mitterrand needed Havel's moral stature, so France had asked us to be the inviting power," a Prague official said. "We had the ball in our court."

Mr. Havel agreed to honor his promise to be the host of the meeting, but on three conditions: Mr. Mitterrand would back faster Czechoslovak membership in the European Community, the confederation meeting in Prague would have no official status and the Americans would take part.

So a half-dozen Americans, including Jeane J. Kirkpatrick, the former chief delegate to the United Nations, and some other conservatives, will be among 150 people at the Prague meeting, which Czechoslovak officials are depicting as "talking shop" about Europe's problems and nothing more.

Czechoslovak concern about the venture came to a climax during a lunch in Paris in March at which Mr. Havel took exception to "a whole lot of very anti-American comments from Mr. Mitterrand" in the course of describing hopes for the confederation and wishes for the Prague meeting, according to a Havel aide.

"It was a brutal meeting, especially because some moments were irrational, almost surrealistic," the aide said, adding that Mr. Mitterrand's private feelings about U.S. policies and Americans in general were strongly at odds with the public image based on his personal working relationship with President George Bush.

Mr. Havel went to the Paris meeting from Brussels, where he visited the headquarters the North Atlantic Treaty Organization and expressed support for the alliance as a continuing source of European stability.

Mr. Havel was also upset, a Czechoslovak official said, because he felt that Mr. Mitterrand might be under the delusion that East Europeans considered the confederation proposal a way of postponing their membership in the EC. France had advanced the proposal in late 1989 without noticeable follow-up.

Mr. Mitterrand's bid to rejuvenate the idea now in Prague "has become terribly embarrassing for the Czechs, who can't understand what the French want, and for the French who understand too well that they have blundered," a French source said.

For East European nations, a Czechoslovak official said, it is "ludicrous" for France to suggest that Poland, Hungary and Czechoslovakia want to support any initiative offering more contact with Moscow and less with Washington.

All the comments about the Prague meeting and other signs of French foreign policy disarray came in closed-door discussions involving Mr. Havel and other leaders, along with officials and specialists, at a meeting sponsored by the Institute for East-West Security Studies at Bardejov, in the Slovak region in eastern Czechoslovakia.

WORLD BRIEFS

Chevènement Keeps Parliament Seat

BELFORT, France (AFP) — The former French minister of defense, Jean-Pierre Chevènement, has retained his parliamentary seat, winning more than 52 percent of the vote in an election here, incomplete results on Sunday indicated.

Although Mr. Chevènement got only 49.5 percent of the vote outside the city, strong support in the three districts of Belfort, of which he is mayor, guaranteed his victory.

Mr. Chevènement's campaign was aided by visits to the eastern French district by national political figures such as Prime Minister Edith Cresson and Minister for Culture Jack Lang. Mr. Chevènement resigned from the cabinet because of his opposition to the Gulf war.

Major Airs EC Concerns With Kohl

LONDON (Reuters) — Prime Minister John Major met Chancellor Helmut Kohl of Germany on Sunday hoping to ease concern that Britain could be pushed further than it wanted toward European economic union. Under political fire at home, Mr. Major sought to build on his good relationship with the EC's most powerful leader.

British officials said their main concerns were progress toward union among the 12 EC members and how to handle the presence of the Soviet president, Mikhail S. Gorbachev, during the Group of Seven meeting here next month.

Many officials consider a Major-Kohl alliance an important element in the British government's campaign to halt the movement within the EC for a timetable for political and monetary union.

Sabotage Blamed in Pakistan Crash

GHOTKI, Pakistan (Reuters) — Officials said Sunday that sabotage may have caused a train crash in the southern province of Sind that killed at least 55 persons and injured more than 180.

Prime Minister Nawaz Sharif not only suspended a top railway official, but ordered a speedy inquiry. An express ran into the back of a parked freight on Saturday.

The chief minister of Sind Province said the crash was caused by "some subversive activity." The railways minister said in a statement that signal systems at Ghotki were highly advanced and it was impossible to direct a train onto an occupied track.

For the Record

A federal judge in Miami has agreed to postpone until Sept. 3 the drug-trafficking and money-laundering trial of Manuel Antonio Noriega, the former leader of Panama. Defense attorneys had asked that the trial, scheduled to begin July 22, be delayed until Sept. 30. *(Reuters)*

Imelda Marcos, who has lived in exile in the United States for five years, plans a legal fight against a ban by President Corazon C. Aquino on her returning to the Philippines. *(Reuters)*

TRAVEL UPDATE

African States Allow SAA Overflights

JOHANNESBURG (Reuters) — South African Airways aircraft flew over West Africa for the first time in 28 years over the weekend after Mali and Mauritania lifted anti-apartheid bans on overflight rights, the state-run airline said Sunday.

SAA jumbo jets flew to and from London over Portugal, Morocco, Mauritania, Mali, the Ivory Coast and Namibia on Friday night, cutting an hour off the normal journey time and saving 10 tons of fuel per plane, said a spokesman.

Strike Snarls Air Traffic in Venezuela

CARACAS (Reuters) — Thousands of travelers were stranded in Venezuelan airports over the weekend, and incoming flights were rerouted to the Caribbean after airport workers began a nationwide strike.

A total of 420 communications technicians and aircraft inspectors struck Friday night after negotiations with the Transportation Ministry on pay raises and other benefits broke down. The airport backlog began immediately, and international flights to Caracas were diverted to Puerto Rico, Curaçao and other Caribbean airports.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Argentina, Australia, Colombia, Jordan, Macao, Portugal.
TUESDAY: Libya.
WEDNESDAY: Paraguay, Philippines.
SATURDAY: Hong Kong.

Source: J.P. Morgan, Reuters.

The Weather

Forecast for Tuesday through Thursday

North America
Heat will build over the California interior Tuesday through Thursday. The Eastern Seaboard from Maryland to Georgia will also be hot. Thunderstorms will be scattered from the Great Lakes to Texas and southward to Mexico City.

Europe
Cool rains will wet Northwest Europe at times Tuesday through Thursday, especially Ireland and the United Kingdom. Fine, warm weather will be the rule from Spain and southern France eastward across the Mediterranean borderlands.

Asia
The rainy season has begun in the Far East and there will be times of rain, some heavy, from central Japan and Korea to southern China Tuesday through Thursday. Steamy tropical heat will trigger scattered thunderstorms throughout Southeast Asia.

Europe

	Today High	Today Low	Wx	Tomorrow High	Tomorrow Low	Wx
Algarve	23/73	12/54	pc	26/78	15/59	s
Amsterdam	17/62	9/48	sh	18/64	9/48	pc
Athens	21/70	12/54	pc	22/74	13/55	s
Barcelona	25/78	12/54	pc	27/81	13/55	s
Belgrade	21/69	11/52	pc	23/74	13/55	pc
Berlin	20/68	9/48	pc	19/66	9/48	sh
Brussels	18/64	8/46	sh	20/68	9/48	pc
Budapest	19/64	9/48	pc	19/67	9/48	pc
Copenhagen	17/63	10/50	c	18/65	11/52	sh
Costa Del Sol	27/80	18/64	pc	28/82	11/52	s
Dublin	15/59	9/48	sh	15/59	8/47	c
Edinburgh	11/52	6/43	sh	13/55	7/45	c
Florence	21/70	12/54	pc	23/74	13/55	pc
Frankfurt	21/69	9/48	sh	21/69	10/50	pc
Geneva	21/69	8/47	pc	20/68	10/50	pc
Helsinki	18/64	10/50	pc	20/68	10/50	pc
Las Palmas	24/75	19/66	pc	26/78	18/64	s
Leningrad	18/65	9/48	pc	21/69	11/51	pc
Lisbon	23/73	12/54	pc	25/77	17/62	s
London	15/59	8/46	sh	17/63	8/46	pc
Madrid	27/81	13/55	pc	28/83	14/58	s
Milan	21/69	9/48	pc	22/72	11/52	pc
Moscow	23/74	12/53	s	21/70	11/52	pc
Munich	21/69	8/47	pc	21/69	8/46	sh
Nice	23/74	13/55	pc	24/76	13/55	s
Oslo	17/62	9/48	c	18/64	9/48	c
Paris	17/63	9/48	sh	19/66	11/51	pc
Prague	19/67	3/46	pc	19/66	9/48	sh
Reykjavik	10/50	4/39	pc	11/52	5/41	pc
Rome	24/75	10/50	s	24/75	11/52	s
Stockholm	17/62	10/50	pc	17/62	11/52	sh
Strasbourg	17/63	7/45	sh	18/65	9/48	pc
Venice	22/71	12/54	pc	23/74	12/54	pc
Vienna	17/62	8/47	s	19/66	10/50	pc
Warsaw	19/66	9/48	pc	20/68	9/48	pc
Zurich	21/69	8/47	pc	19/67	7/45	pc

Middle East

Antalya	17/63	9/48	sh	18/65	7/45	pc
Beirut	30/86	16/61	pc	31/87	17/62	pc
Cairo	32/90	21/70	s	34/36	19/67	s
Damascus	35/95	18/60	s	31/87	17/62	s
Istanbul	21/69	12/54	sh	20/68	12/54	pc
Jerusalem	31/87	17/62	s	28/82	15/65	pc
Riyadh	41/106	26/78	s	41/106	26/79	s

Oceania

Auckland	16/60	11/52	pc	16/54	12/53	pc
Sydney	21/69	16/61	c	22/71	17/62	pc

Asia

	Today High	Today Low	Wx	Tomorrow High	Tomorrow Low	Wx
Bangkok	32/90	24/76	pc	33/92	25/77	pc
Beijing	28/73	19/66	pc	26/79	19/67	pc
Hong Kong	33/89	24/76	pc	33/90	25/77	pc
Manila	32/89	24/76	pc	33/91	25/77	pc
New Delhi	37/99	22/72	pc	38/101	23/73	s
Seoul	24/76	12/54	c	24/76	13/55	pc
Shanghai	25/78	19/66	pc	26/79	18/65	pc
Singapore	32/90	25/77	pc	33/91	25/77	t
Taipei	32/90	23/73	pc	33/91	23/74	pc
Tokyo	28/84	18/64	pc	28/82	19/66	pc

Africa

Algiers	28/79	16/60	pc	28/82	18/64	pc
Cape Town	20/68	9/48	pc	22/72	10/50	pc
Casablanca	32/89	13/55	pc	33/91	14/57	pc
Harare	20/68	11/52	pc	20/68	11/52	pc
Lagos	39/100	24/75	pc	39/101	24/76	pc
Nairobi	27/81	12/54	pc	28/82	13/55	pc
Tunis	27/80	17/63	pc	27/80	18/64	pc

Latin America

Buenos Aires	15/59	6/42	pc	15/59	1/34	pc
Caracas	32/90	24/75	pc	32/90	24/75	pc
Lima	20/68	16/60	c	21/69	14/58	pc
Mexico City	33/91	14/57	pc	33/92	14/57	pc
Rio de Janeiro	28/82	17/62	pc	28/83	17/63	pc

North America

Anchorage	16/60	7/45	pc	17/63	7/45	pc
Atlanta	31/88	19/67	s	30/86	19/67	s
Boston	21/69	19/66	s	31/88	19/66	pc
Chicago	21/67	17/62	t	27/81	14/57	t
Denver	28/82	13/56	t	26/79	14/57	pc
Detroit	30/86	18/64	pc	30/86	17/63	t
Honolulu	29/85	21/70	pc	31/87	21/70	pc
Houston	30/86	22/71	t	32/89	23/73	pc
Los Angeles	24/75	14/58	s	22/72	14/58	pc
Miami	31/87	24/75	pc	31/87	24/76	pc
Minneapolis	29/85	14/58	t	24/75	14/58	pc
Montreal	29/85	17/63	pc	25/79	14/57	pc
Nassau	33/91	23/73	pc	33/91	22/72	pc
New York	31/88	20/68	s	32/90	20/68	pc
Phoenix	39/100	24/76	pc	41/105	24/75	s
San Fran.	23/74	11/52	pc	21/69	11/52	pc
Seattle	24/75	11/52	pc	20/68	11/51	c
Toronto	26/79	17/62	pc	26/79	16/61	t
Washington	32/90	21/69	s	33/92	21/70	pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, s-snow, ice.
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North Africa's Test: The Force of Islam

By Jonathan C. Randal
Washington Post Service

ALGIERS — Just when vulnerable North African governments thought they had weathered the political buffeting at home that came with the Gulf war, violent street clashes between Islamic fundamentalists and security forces here abruptly challenged such assumptions.

After declaring a state of siege, dismissing the government and postponing the first multiparty legislative elections in independent Algeria's history, President Chadli Bendjedid and his advisers found their plans for promoting democracy in tatters last week.

The authoritarian governments in Morocco and Tunisia, which disapproved of Algeria's decision to legalize fundamentalist parties in 1989 and denied similar privileges to their own Islamic militants, responded by stepping up security measures.

Arabs who hoped the Algerian experiment with democracy would induce change in their own often autocratic system have probably concluded that the freedom of assembly and expression encouraged here were not enough to ensure a liberal society.

Yet diplomats and observers argue that the Algerian government initially was on the right track but overplayed its hand by dismissing fundamentalists as a spent force after the Gulf war.

Algerian officials appeared to overestimate the lastinq consequences of the discredit that resulted from the fundamentalists' initial criticism of President Saddam Hussein of Iraq as an "impious atheist" — done to please their Saudi financial backers — and their subsequent support of Iraq in response to deep anti-Western feelings on the street.

The Algerian, Moroccan and Tunisian governments also pandered, in varying degrees, to public-opinion pressures to support Iraq. Mr. Bendjedid initially condemned Iraq's invasion of Kuwait but gradually fell in step with his people's anti-Western sentiments.

King Hassan II of Morocco sent troops to join the coalition against Iraq, yet was seen as tacitly approving popular shows of support for the Iraqi leader by the war's end.

President Zine Abidine Ben Ali of Tunisia was a vocal defender of the Iraqis.

But with Iraq's defeat, the leaders of all three countries felt the fundamentalists had outwitted themselves and, in turn, hoped that any official pro-Baghdad enthusiasm would be quickly forgotten by the public after the war.

But the Algerians have been reminded that such calculations failed to take into account their failure to cure any of the underlying problems that the fundamentalist Islamic Salvation Front seized on.

Such problems include 25 percent unemployment, 30 percent inflation and the ruling National Liberation Front's legacy of Stalinist economic mismanagement and authoritarian rule since winning independence in 1962.

NEWS ANALYSIS

Yet arguably more damaging to the government was its persistent inability to energize a society profoundly influenced by the West yet politically passive and diffuse. That inability offered an opening to a highly organized fundamentalist minority determined to impose an Islamic political system on Algeria.

"What's tragic is that Algiers dared conduct a novel experiment unique in Arab democracy," said a Western diplomat with long experience in the Arab world. In praising Algeria for legalizing the fundamentalists, he pointed out the irony that "the nondemocratic forces organized brilliantly while the democrats are locked in petty quarrels, unable to make a coherent approach."

Those organizational problems existed before the Gulf war. But with the war over, the democratic parties lulled themselves into thinking that the Islamic Salvation Front, which swept last year's municipal and local assembly elections, no longer constituted a threat because the fundamentalists had failed to make good on their promises to alleviate Algeria's ills.

The vote last year was dismissed as a protest against the Liberation Front's misrule.

During the seven-month Gulf crisis, the government encouraged the development of rival fundamentalist movements, reasoning that factionalism would cause the Salvation Front to lose votes and seats in the elections that had been scheduled to begin June 27.

But just to be on the safe side, President Bendjedid, his government and the ruling party, which controls the National Assembly, rejiggered voting districts and adopted an electoral law designed to prevent the Salvation Front from winning a majority.

"The regime used the electoral law to fill the void left by the democratic parties' inability to organize themselves," a diplomat remarked.

But what the ruling party saw as an advantage actually provided the Salvation Front with a rallying point when the fundamentalists, apparently despairing of winning the elections, took to the streets two weeks ago.

Toby Talbot/The Associated Press

HONOR IN EXILE — Alexander I. Solzhenitsyn, the Russian writer forced from the Soviet Union in 1974, responding with a rare smile during a ceremony Sunday at Dartmouth College in Hanover, New Hampshire, as James Freedman, the college president, applauded. Mr. Solzhenitsyn, who lives across the border in Vermont, was receiving an honorary doctorate.

For Lebanon Hostages, Gains And Losses of War Cancel Out

By Elaine Sciolino
New York Times Service

WASHINGTON — The invasion of Kuwait and the war that followed created both opportunities and disincentives for the release of Western hostages still held in Lebanon, administration officials and independent experts on international terrorism say.

But despite the positive signals, unfulfilled demands of the captors continue to block any release of the 12 hostages, including six Americans, held by the Shiite Muslim Hezbollah, or Party of God, an Iranian-backed organization believed to be the umbrella group for the kidnappers.

On one level, the Gulf crisis has removed some of the obstacles in the way of a hostage release.

First, in the confusion of Iraq's invasion of Kuwait in August, a group of prisoners whose fate was tied to that of the hostages was freed. In 1983, 17 men were imprisoned in Kuwait for conducting a terrorist campaign against the American and French embassies and public buildings and oil installations.

The primary condition for the release of some of the Western hostages was freedom for the 15 of those men who were still in prison at the time of the invasion. Most if not all of them have since returned to Lebanon.

Second, a recent Syrian-Lebanese treaty of cooperation gives Damascus greater control over Lebanese affairs, and therefore over the captors. Despite the promises by the Lebanese leadership to disarm all militia forces in the country, Syria has allowed Hezbollah to keep its arms.

One of the main concerns of the hostage-holders has been that they be given some guarantee that there will not be retaliation against them if they lose the protective cover of the hostages. The fact that they can remain armed is interpreted as an indication that the kidnappers retain considerable influence in the country and may be allowed to operate even without the hostages.

An expert on terrorism, Brian M. Jenkins, said: "The captors still have powerful incentives in keeping the hostages. They provide the groups with prestige, give them an identity and leverage with their Iranian sponsors. Otherwise, they're just another armed faction in Lebanon."

The Bush administration has said that Iran has enough influence over the captors to force a release and has linked an improvement in relations with Teheran to a hostage release. In recent months, a number of senior Iranian officials, including President Hashemi Rafsanjani, and Foreign Minister Ali Akbar Velayati, have said that the hostages are a liability and should be released.

But Iran is driven by two different impulses regarding the hostages.

Mr. Rafsanjani's reaching out to the West and other countries in the region at a recent oil conference in the western city of Esfahan illustrates that he feels confident of his position at home and could absorb criticism from radical elements within the leadership if he were to move on the hostages.

On the other hand, Iran has already broken out of its diplomatic and economic isolation by successfully improving relations with Europe, Japan, and its Arab neighbors, and does not need a relationship with the United States.

"The war made it easier for Iran to release hostages if it wants to, but Iran does not have any particular incentive to move on the hostage front," an administration official said. "They are moving out of their isolation without us."

Complicating matters is that Iran's influence over the captors may be waning.

"The Iranians still have influence but it has probably dissipated as Rafsanjani has grown stronger," the official added. "The Hezbollah don't trust him, because they know that in his eyes they're expendable."

Irish Sanctuary For Sea Mammals

Reuters

DUBLIN — Prime Minster Charles Haughey has declared the seas around Ireland to be a whale and dolphin sanctuary.

The declaration covers the country's 200-mile exclusive fishery limits, and naval patrol boats, satellites and aircraft are to be used to enforce the sanctuary rule.

Mr. Haughey said Ireland was the first country in Europe to make such a move. "It is a clear indication of Ireland's commitment to contribute to the preservation and protection of these magnificent creatures in their natural environment," a statement added.

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AMERICAN TOPICS

An Orbital El Dorado Is Tantalizingly Close

An asteroid containing about 10,000 tons of gold and 100,000 tons of platinum has been found orbiting the sun tantalizingly close to Earth, according to Science magazine. Immediate prospects for mining are dim: The nearest the asteroid gets to Earth is about 20 million miles (32 million kilometers). Experts said, however, that the asteroid could be a target for robotic or manned space travel in the next century.

Asteroid 1986 DA, as the solid metal "near-Earth object" is known, is 1.2 miles wide and shaped roughly like a canned ham. It also contains approximately 10 billion tons of iron and a billion tons of nickel.

At today's prices, the commodity value of 1986 DA is appropriately astronomical: The gold alone is worth about $90 billion and the platinum nearly a trillion dollars.

A team from the Jet Propulsion Laboratory in Pasadena, California, and several U.S. astronomical research centers spent five years analyzing data collected in 1986 when the asteroid reached its closest approach to Earth in a multi-million-mile elliptical orbit that reaches out near Jupiter.

Short Takes

Midwinter airplane landings in Antarctica — on ice, in darkness and amid frequent fogs or sudden blizzards — are so risky that a rescue plane that landed there last week was the first to alight in midwinter in 24 years. The ski-plane, a C-130 in the National Science Foundation fleet crewed by the U.S. Navy, flew from Point Mugu Naval Air Station, California, to New Zealand and thence to Antarctica's Ross Ice Shelf to rescue a New Zealand engineer suffering from ulcerative colitis. In unusually clear and calm weather, he was safely flown home.

A generation ago, new films, after their first runs, would vanish for a month or so and reappear, at substantially lower ticket prices, in second-run theaters, and thereafter in ever-cheaper third-run and fourth-run houses. These also-ran theaters began to go out of business with the advent of television, but are making a comeback. Now called discount theaters, their tickets cost $1 or $2, usually less than videotape rentals and far less than the $5 or more at first-run houses.

Dartmouth has become the first Ivy League college and one of a handful anywhere to require all undergraduates to own a personal computer. While almost 90 percent of Dartmouth's 4,200 undergraduates already have personal computers, making computers mandatory will mean federal student aid can cover their purchase. Other colleges requiring computers are Drexel University in Philadelphia and Clarkson College in Potsdam, New York.

Notes About People

Julia Chang Bloch, the U.S. envoy to Nepal, is the first U.S. ambassador who is an ethnic Asian. She was 9 when she and her family fled China in 1951. Educated at the University of California at Berkeley and at Harvard, she held numerous government posts, including Peace Corps training officer and deputy administrator of the U.S. foreign aid program, before being assigned to Katmandu. "I know every time I'm given a job," Mrs. Bloch, 49, told the Los Angeles Times, "it's not just Julia Chang Bloch. It is a woman and an Asian also being tested." She said her husband, Stuart Bloch, a Washington lawyer, is "my biggest booster" as an ambassador even though they see each other only four times a year. She said, "He says he's checking the Guinness Book of Records for the longest commute. It takes two days to get here."

Callie Khouri, who wrote the screenplay for the hit film "Thelma and Louise," denies that it is a male-bashing movie. Ms. Khouri, a producer of popular music videos who had never before written a script, said the idea came to her out of the blue. The film has been widely denounced as deliberately presenting men in the worst possible light. "There's so much talk," she told The New York Times, "about whether it's a feminist screenplay, whether it's a male-bashing movie. It's none of those things." She added, "People say Thelma and Louise are not role models. Well, they were never intended as role models." Moreover, "they are outlaws who should be punished and they are. I do not justify their actions."

Arthur Higbee

Jackson and '92: An Inner Contest

By Dan Balz
Washington Post Service

WASHINGTON — At the convention here of his National Rainbow Coalition, the Reverend Jesse L. Jackson played many roles: congenial host, master of ceremonies, minister, panel moderator, inquisitor, and, of course, keynoter.

He welcomed past and potential rivals for the Democratic presidential nomination, repaid an earlier snub by the moderate Democratic Leadership Council, lambasted President George Bush on civil rights and challenged his own party not to succumb to Republican "theology."

But as he glided effortlessly from one role to another, he appeared to be in a struggle with himself over the most important question he faces: what role to assume in the 1992 presidential race.

Mr. Jackson displayed no modesty when comparing himself to the rest of the Democratic field. "I have to look at the political options for '92," he said at a news conference, "because I am the front-runner."

At the same time, he sounded genuinely troubled — and friends say they have found him this way in private — by the growing divisiveness of the racial debate over issues such as the civil rights bill.

In a remark that suggested a possible noncandidate role in 1992, Mr. Jackson said Friday that, given the turn in race relations, "we might have to set" a new "climate outside the political process."

Mr. Jackson used the meeting to look playfully over his potential rivals for the Democratic nomination, several of whom attended. But Governor Bill Clinton of Arkansas, the head of the Democratic Leadership Coalition, which excluded Mr. Jackson from its meeting in Cleveland last month, was not invited, although Mr. Clinton, too, is thinking about the presidential race.

"He's not a contender," Mr. Jackson said.

He displayed his anger with Mr. Bush at every opportunity, even though he has been a more frequent visitor to the White House at Mr. Bush's invitation than he was during Ronald Reagan's tenure.

But his disillusionment with some of his fellow Democrats was equally strong. He dismissed the Leadership Coalition's "new choices," along with Mr. Bush's "new world order," as "little ideas parading under the banner of the 'new' in the hope that no one will notice how small they truly are."

Mr. Jackson said he would not make a decision about entering the Democratic contest until later in the fall — after a series of regional meetings with his supporters.

In some ways Mr. Jackson faces the kind of political calculation that Senator Al Gore of Tennessee and Representative Richard A. Gephardt of Missouri must make: Would another losing race doom him for the future? Some of Mr. Jackson's past supporters privately hope he will not run again, believing he has no chance to win the nomination.

Miracle in Massachusetts: State Worker Saves Budget

By Mary B. W. Tabor
New York Times Service

BOSTON — After months of struggling to close Massachusetts' yawning budget deficit, Governor William F. Weld announced this week that the problem had been almost magically solved.

Not by the state's 200 legislators. Not by his elite budget planners. But by a part-time state employee who earns $22,000 a year.

In January, Kathleen Betts, a 10-year veteran of the state's Department of Public Welfare, was studying a new federal regulatory document when she discovered what she thought might be a way the state could qualify for additional federal Medicaid reimbursements. She sent a memo to the state's Medicaid director detailing her find.

After a lengthy and contentious bureaucratic process, state officials said Tuesday that they had assurances from Washington that $489 million would be in hand by June 30.

As a result, the state will not be forced to shut down later this month to close a $460 million gap in its $13.5 billion budget for the fiscal year ending June 30. Nor will it have to raise taxes or borrow money, as it has done since 1988.

"The feds went down kicking and screaming on this one," said Mrs. Betts, who works three days a week as the department's director of reimbursement for acute-care hospitals. "But this issue is of great importance to me."

In Virginia, Top Democrats Trade Jabs

By B. Drummond Ayres Jr.
New York Times Service

McLEAN, Virginia — The political game in Virginia is traditionally played with a certain civility — sharp elbows permitted, but deliver the blows in a gentlemanly manner, please.

Lately, however, the contest has become unsportingly rough-and-tumble.

Governor L. Douglas Wilder and Senator Charles S. Robb, the state's two preeminent Democrats — both possible presidential candidates — are pummeling each other with such verbal ferocity that some party leaders and political analysts say they are endangering both their political futures and their party's dominance in Virginia.

In the latest exchange, Mr. Wilder charged on Friday that someone had taped personal calls he made on the cellular phone in his limousine and had passed on the contents of the conversations to Mr. Robb. He did not say what the conversations were about.

The governor labeled the alleged eavesdropping criminal and said that although he had no evidence that it had been carried out on behalf of Mr. Robb, he believed the senator guilty of passing on confidential contents of the tapes to other Democrats.

Through a spokesman, Mr. Robb denied any involvement.

The governor's accusations came to light in an article in The Washington Post on Saturday.

In Bonn, where he is in the middle of an 11-day European trade mission, Mr. Wilder said he had learned about the taping from various sources but would not identify them. He ordered his chief of staff to inform the state police superintendent.

"It's wiretapping and it's a criminal act," The Washington Post quoted Mr. Wilder as saying. According to the office of the state attorney general, Virginia and U.S. laws prohibit intentional interception, taping and disclosure of cellular phone conversations.

> **'I've told both of them they've got to get their act back together.'**
>
> **A.L. Philpott, State House speaker**

The Robb-Wilder feuding goes back to the late 1970s, when Mr. Robb beat Mr. Wilder to the political punch in running for lieutenant governor.

Mr. Wilder had been carefully laying the political foundation for a run for the presidency, a particularly difficult task in this state, which was the keystone of the Confederacy. He was miffed when Mr. Robb, a relative latecomer, seemed to cut in line.

Mr. Robb went on to be elected governor and senator, and Mr. Wilder won election as lieutenant governor. Mr. Wilder had been in office only a few months when Mr. Robb made public two letters critical of him.

There is also a possibility that they could face each other in 1994, when Mr. Robb will be up for re-election and Mr. Wilder will be newly out of the governor's mansion. Under Virginia law, a governor cannot run for two consecutive terms.

"This feud is going to rub off and hurt the Democrats," said A.L. Philpott, the speaker of the Virginia House, last week. "I've told both of them they've got to get their act back together. Otherwise, they're going to be looking at a minority party in Virginia."

Larry Sabato, a professor of political science at the University of Virginia, said: "We haven't seen political fighting like this in Virginia in modern memory. It's forcing people all over the state to choose up sides, and, if it doesn't stop, both men could fall and the Democratic Party will suffer serious damage."

A Robb spokesman said the senator and his staff were aware that unconfirmed reports were spreading through the state that tapes had been made of Mr. Wilder's conversations and were being passed around.

"We cannot confirm who this is or how it is done or how extensive it might be," he added. "Neither Senator Robb nor anyone on his staff has been involved in providing tapes to anyone or playing such tapes for Democrats."

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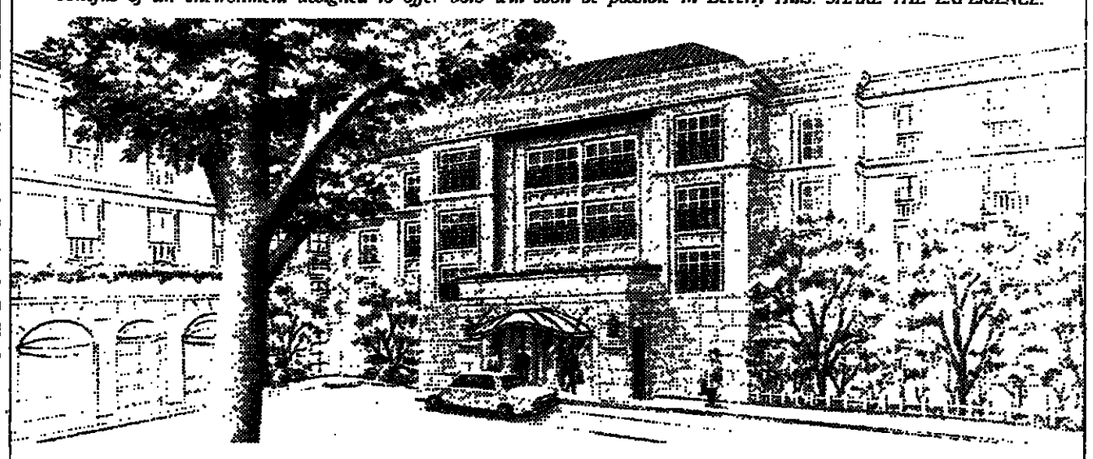

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TRAIN: *Germany Rolls Out Its TGV — Minus the WC*

(Continued from page 1)

vies Gleave Ltd. "You expect the Germans to get these things right."

At the beginning of the week only about half the scheduled service arrived on time.

The Bundesbahn, in a meticulously computed "degree of punctuality" for the system, said that it had improved from 55 percent on Sunday to 68 percent on Tuesday and 82 percent on Thursday.

The 25 new trains travel at 250 kilometers per hour (155 miles an hour) and cut the seven-hour trip between Hamburg and Stuttgart by two hours.

The cars are extra wide and soundproofed. Every seat has headphones providing music and some have access to video screens. A conference center offers telephone and telefax.

The railway hoped that such enticements would lure customers to abandon Germany's congested highways and skies and pay an average of 14 percent more than the price of regular trains.

The railway also hoped to export its technology to a range of countries interested in upgrading their rail systems.

Even if it managed to iron out its start-up problems, however, it must compete with the 10-year track record of the TGV, France's *train à grande vitesse*, and a pioneering Japanese system that has been in operation for a quarter century.

Two weeks ago the German system — developed by a consortium led by Siemens AG, AEG and ABB Asea Brown Boveri — lost out in a competition with the proven French system for a multibillion-dollar contract to build a high-speed railway in Texas.

The German system is adapted to hilly country with a third of the route from Hamburg to Munich going through tunnels. The turns and bends in Germany require especially heavy tracks and may dampen the interest of countries that plan to build on more even terrain.

In any event, the Bundesbahn has ambitious plans for its home market.

Within two years it hopes to have 60 high-speed trains operating and by the end of the decade there are plans to roughly double the high-speed network.

There are eventual plans to link the system with networks in Switzerland, France, Belgium and the Netherlands.

With so much at stake, the embarrassment of the early snags in the system resulted in a good deal of name-calling.

The Bundesbahn itself complained that contractors developing the system for a decade delivered some equipment as late as two days before the launching of the system, making test runs impossible.

French Policewoman and Youth Die

The Associated Press

MANTES-LA-JOLIE, France — Police officers tried to chase down a gang of youths driving stolen cars Sunday, and in the resulting clash, a policewoman and a French youth of Algerian origin were killed, the authorities said.

The deaths occurred two weeks after a youth of Moroccan origin died in police custody following riots in the same neighborhood of this low-income town west of Paris. The violence has given new fervor to the debate over immigration in France.

The police immediately sent reinforcements into the troubled neighborhood. The policewoman, Marie-Christine Bayet, 32, died hours after the clash, which occurred at 2 A.M. She had been run over by one of five stolen cars.

The young man, Youssef Khaif, 23, a Frenchman of Algerian origin, was shot to death by an officer.

In a statement, regional officials said a police team had tried to intercept a group of youths racing cars in a heavily immigrant neighborhood. One of the cars rammed into the police car, and the three officers got out. Youths in the stolen car then ran over Officer Bayet, sped away and came back aiming at her colleagues, the police said. An officer then fired a shot at the car, killing Mr. Khaif.

Issam Dick/Agence France-Presse

Palestinian youths, masked and armed with clubs, marching through Nablus's old city.

INTIFADA: *Youths' Gang War Infects the Uprising*

(Continued from page 1)

correct in its assertion that many of the dead had nothing to do with Israeli authorities.

At the end of May, the intifada's collective leadership issued a leaflet condemning youths who wore masks while dealing with the local population. It demanded an end to "kidnappings, interrogations and killings, except those agreed on by all factions."

But the bloodshed continued unabated, with five persons murdered in the week after the leadership order.

The Nablus shooting did not involve alleged collaborators, but those who participated in it were much the same as those who have taken part in those attacks: young militants, many of them fugitives from the army, who travel in groups, wearing masks and carrying knives, axes and, increasingly, guns.

Most profess allegiance to one of the organizations in the PLO. But in practice they often follow their own policy.

In Nablus, several such groups operate under the rubric of El Fatah, the mainstream PLO group headed by Mr. Arafat. One calls itself the Revolutionary Security, and another is known as simply as the *Shabiba*, or boys, mostly fugitives who operate in the maze of streets and alleys of the casbah.

Three years ago, Nablus was an intifada stronghold, its rebellion led by disciplined, experienced men determined to use stones and strikes to end Israeli occupation.

Now, after hundreds of arrests and scores of deaths, the Shabiba leader who comes to speak with Western journalists is a skinny 21-year-old named Mahmoud, who wears a T-shirt and running shoes.

Although he echoes some of the standard rhetoric of the intifada, his story is essentially one of urban gang warfare, in which the issues are honor and turf.

As Mahmoud tells it, the clash between El Fatah and Hamas began with a dispute between children at an elementary school. After a few 6-year-olds insulted Hamas, some of the group's older supporters appeared at the school to punish them, touching off a series of incidents with Mahmoud's pro-Fatah Shabiba.

The climax came when the Hamas youth, ignoring a Shabiba injunction that they stay away from the casbah, gathered a force of several hundred supporters and marched in on June 1. Hamas activists say their ranks included members of the Revolutionary Security group.

The result was almost inevitable: an exchange of words, threats and, finally, gunfire.

In the aftermath, PLO leaders in Nablus contend that Hamas may have been trying to seize political control of the city, which is a long-time Fatah base. Hamas spokesmen counter that their youth were trying only to end a "situation of harassment against the population."

Even if the political truce holds, many people expect the violence to get worse.

"If the peace process doesn't take us toward reaching some objective," said Mr. Kanaan, "the situation will deteriorate more and more. The youngsters are telling us, 'Enough is enough, you have failed, and we have to resort to more violent tactics.' And we cannot stop them."

SOVIETS: *It's About Economics*

(Continued from page 1)

ized democracies for an invitation to their July meeting in London, sending Soviet economic experts to appeal to President George Bush and squeezing his own military to drop its objections to the conventional-arms treaty.

But the Soviet president cannot just snap his fingers and get his military to give in to all the U.S. demands in the strategic-arms talks, although it might speed up a summit meeting. He still has to juggle, because he may need to lean on the military again soon if there is economic chaos.

"I think if you were alive in 1917 things would have looked just as confusing," said an aide to Mr. Baker. "In retrospect, all of the changes look clear and in one direction. But this is what it looks like when you are in the middle of a revolution."

The zigs and zags on the Soviet side are matched by, and reinforce, similarly ambiguous behavior from the Bush administration. The administration is justifiably uncertain and dubious about how far Mr. Gorbachev is really ready to go, but in the past it has also demonstrated a certain inability to grasp fully the extent of the transformation taking place in the Soviet Union and how it can be influenced by the West.

After nearly three years, the administration has established a consistent pattern in responding to changes in the Eastern bloc: It rarely catches the first train but it rarely misses the last one.

Until recently, Mr. Bush was passive about pressing his own bureaucracy to break the deadlock in the strategic-arms negotiations, because of reservations from conservatives about aspects of the treaty. Six months ago, leading U.S. Sovietologists were predicting that Mr. Gorbachev might not last until spring. Today, the emphasis has changed to how to support him and his programs.

One day Mr. Bush signals he doesn't want Mr. Gorbachev at the London economic summit, then he reluctantly accepts, after pressure from the Germans, British and French. Until now the administration has been clearer about what it won't do — give the Soviets piles of money — than what it will do if they institute free-market changes.

"Such passivity is curious, if not dangerous, on a matter that has such profound implications for the future security of the United States," writes Robert D. Blackwill and Graham Allison, experts on U.S.-Soviet relations, in the latest issue of Foreign Affairs. "Having spent some $5 trillion to meet the military challenge of the Soviet Union around the globe, is the United States to opt out now when the Soviet future is being formed?"

The mindset within the Bush administration on this issue, though, is evolving month by month, as clearly indicated by the appointment of a lawyer, businessman and arch-capitalist, Robert S. Strauss, as the next ambassador to Moscow.

U.S. officials say that if a Bush-Gorbachev summit is to be held this summer, it will serve as a fulcrum to force the administration to address exactly how it intends to approach the question of helping to transform the Soviet Union.

At the Copenhagen NATO summit, Mr. Baker alluded to that when he told the Western allies: "We are developing a package of supportive measures, which we hope to coordinate with you and others. But I honestly don't think we can catalyze Soviet reform through a big-bang approach. Our effort is more likely to be a step-by-step process."

U.S. officials won't say what exactly will be in this package — in part because they don't know themselves. But officials talk about programs to help the Soviets tap their oil reserves, to coordinate all the worldwide grants and credits already going to the Soviet Union.

But many of these ideas were first floated around the time of the Malta summit almost two years ago. There is still no consensus within the administration for a program that would go much further. It does not necessarily have to involve piles of money, but it would probably have to be more far-reaching than "technical advice," so that reformers within the Soviet Union can use it to help convince conservatives that the free market is both the right way to go and can be achieved without the massive social explosion that Mr. Gorbachev has begun to warn about.

VOLCANO: *Philippine Eruption*

(Continued from page 1)

keeping with U.S. policy declined to say whether nuclear weapons were stationed at the base.

Clark is the headquarters of the 13th Air Force and a key U.S. logistics center in the Western Pacific.

The Philippine eruption came six days after a Japanese volcano, Mount Unzen did the same, killing 38 people on Kyushu Island. On Sunday, officials said pressure again was building inside the volcano, after it vented a torrent of lava, gas and debris overnight, engulfing the outskirts of a resort town.

In Manila, Raymundo Punongbayan, director of the Philippine Institute of Volcanology and Seismology, said the activity on Mount Pinatubo could be the prelude to a larger eruption.

"The instability of Pinatubo is very high," he said, with rock, ash and searing gas shooting from craters below the summit.

He said the two main flows, moving at speeds of up to 60 kilometers per hour, appeared to be missing settlements in the thinly populated area. Ash fell as far as 25 kilometers away.

Mount Pinatubo first began to show signs of activity in April, and last week it blew out small amounts of steam and ash.

The mayor of Botolan, Tito Doble, appealed for emergency food and tents for refugees from the volcano. The town is about 15 kilometers from the crater.

He said that a "handful" of people were refusing to leave isolated settlements on the slopes but that there was "nothing we can do about it."

The last major eruption of Mount Pinatubo was in 1380. There are about 21 active and 200 dormant volcanos in the Philippines. The last major eruption in the country occurred in 1965, when the Taal volcano, about 80 kilometers south of Manila, exploded and killed 200 people.

In Japan, two Japanese Navy vessels stood off Kyushu Island on Sunday, ready to evacuate residents if needed.

No new casualties were immediately reported. But in addition to the 6,700 people earlier ordered to leave, officials told 3,000 residents near the foot of the mountain to quit their homes.

(Reuters, UPI, AP)

CHINA: *Arms Sales Worry West*

(Continued from page 1)

been delivered so far, but launchers for the M-11 have been spotted in Pakistan, and diplomats expect that the missiles will follow. The M-11 is said to have a range of about 290 kilometers (180 miles) and can carry a nuclear warhead.

Pakistan is widely believed to be very near to achieving a workable nuclear bomb. If Pakistan were able to build a nuclear device in the form of a warhead for the M-11 missile, it would be able to launch a nuclear strike that India would not easily be able to defend against.

The Western diplomat said he doubted that China could be prevented from transferring the M-11 missiles to Pakistan. But, he said, there is a somewhat better chance of preventing shipments of the M-9 to Syria. The M-9 probably has a range of about 600 kilometers and so would be able to hit targets throughout Israel.

There have been some indications that China struck a deal several years ago to sell M-9s to Syria, and the missile may have been developed in part with Syrian financing.

When the U.S. national security adviser, Brent Scowcroft, visited Beijing in December 1989, he received pledges that China would not sell medium-range missiles in the Middle East and that "at the present time, China was not planning any sales of the M-9 missile to Syria."

Car Bomb Hurts 2 in Ulster

The Associated Press

BELFAST — A stolen car packed with 500 pounds of explosives blew up Sunday in a Protestant housing area in Donacloney, southwest of Belfast, damaging more than 40 houses, the police said. A police officer and a woman resident were slightly injured.

■ De Klerk in Kenya

President de Klerk, who completed a two-day visit to Kenya Sunday, said in Nairobi that his country was ready to extend economic cooperation on the continent.

He described South Africa as the "Japan of Africa" and said Pretoria would help revive other African economies.

He held talks with President Daniel arap Moi of Kenya, which he said centered on ways to strengthen bilateral relations, especially in the fields of industry, agriculture and trade.

Mr. de Klerk became the first South African head of state to visit Kenya in its 28 years of independence. At a news conference in Nairobi, he expressed hope that Pretoria would be admitted sooner rather than later into the Organization of African Unity.

(AFP, NYT, WP)

SOWETO: *Pretoria Change Brings Only an Ill Wind*

(Continued from page 1)

school in adjoining Zwide township. Her family migrated from a farming town six years ago.

"We came to find work," Mrs. Skweyiya said. "My husband hasn't found work. He's still looking."

Siphiwo Vimbi, who leads the Unemployed Workers' Union in the Eastern Cape, called the frustration of the jobless "a serious time bomb" threatening the stability of Mr. de Klerk's reforms.

"The violence, the crime, the divorce rate, the tension in the community are the results of unemployment," Mr. Vimbi said. "They find themselves with no hope."

Some have struggled to build their own businesses. Wellington Wintvol, 51, worked making automobiles for Ford until it left in 1984. He now repairs cars on the street in front of his home.

"I'm now busy, sometimes for 24 hours," Mr. Wintvol said of a day's work.

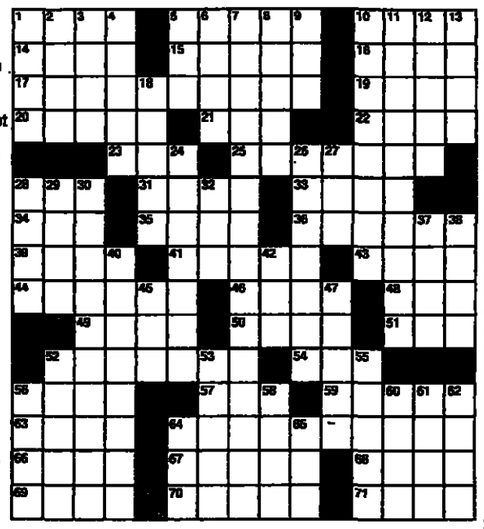
But Mr. Wintvol has not prospered because his customers are so poor. He pushed up his welder's goggles and paused from installing an exhaust pipe on a rusting pickup truck, used by its owner to collect empty bottles. The mechanic said he had asked 30 rand, about $11, for the job. "The man says, 'I only have 10 rand.' " Mr. Wintvol said. "He was crying. He said: 'Hey man, I don't have work.' "

ACROSS

1 Stagg of coaching fame
5 Wall Street term
10 Sit
14 First fratricide
15 Ridiculous sham
16 Reign
17 Daniel Day-Lewis movie: 1989
19 And others: Lat. abbr.
20 Painter's purchase
21 State policeman: Abbr.
22 Heirs, often
23 Fabled bird
25 Continuous
28 Golfer Peete
31 Mosel feeder
33 Russian saint
34 Pub drink
35 Tizzy
36 Battle of Hastings site
39 Clothes
41 A k a
43 Father
44 Tramples
46 R.I.P. notice
48 Chess pieces
49 Gist
50 John John to E.M.K.
51 Ruthian weapon
52 Seedless grape
54 Still and all
56 Famed suffragist
57 "—— a girl!"
59 Speedy
63 Der —— (Adenauer)
64 Conform
66 Tie up at a dock
67 More fit
68 Third of thrice
69 Sothern and Rutherford
70 Philippine island
71 In the vicinity

DOWN

1 Peak
2 Yucatan Indian
3 De Kooning medium
4 Show contempt
5 To the stern
6 A loser in 1912
7 In proper ratio
8 Oak start
9 Soak flax
10 Autographs blank forms
11 At great risk
12 Street talk
13 Slippery ones
18 Waste fibers of silk
24 Card game
26 Like a yenta
27 Bullring cry
28 "Memory" musical
29 "Thanks ——!"
30 Like some sleeves
32 Have the flu
37 Region
38 Part of a dime
40 Refiners
42 Honest ——
45 Kind of hand
47 "Over ——"
52 Athenian statesman
53 Daughter of Tantalus
55 Claw
56 Doll's cry
58 Let it stand
60 Yearn
61 Ancient Peruvian
62 Bambi, e.g.
64 Former chess champ
65 Dom. of Otto II: 973-83



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Solution to Friday's Puzzle

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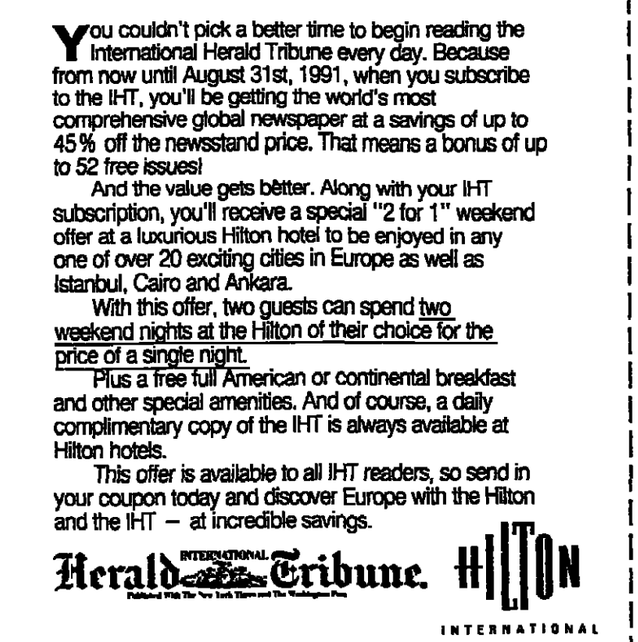

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Gary A. Cameron

Vidal Medina/Reuters

Horseshoes and Drumbeats: A Capital Celebration

George Bush playing horseshoes at the White House with one of the Desert Storm soldiers who challenged him to a game during the president's Thanksgiving tour of the Gulf. His grandson watched from front and center. At right, the commander of U.S. forces in the Gulf, General H. Norman Schwarzkopf, leading the parade Saturday down Constitution Avenue in Washington as hundreds of thousands looked on.

Gulf War Victory Parade No. 1 Lets Loose a Storm of Pride

By Mary Jordan
Washington Post Service

WASHINGTON — One hundred days after the Gulf War ended, an estimated 800,000 people descended on this city to cheer marching war veterans and the weaponry that helped them to victory.

The day, unlike any in Washington since the end of World War II, began at Arlington National Cemetery, where families grieved for the 378 men and women who did not return from the war. President George Bush told family members that their loved ones were heroes of a "historic war."

In addition to the 200,000 people along the parade route who watched soldiers atop tanks wave like beauty queens on floats, the police said 600,000 more jammed the national Mall to see a seven-block-long display of the military equipment used in war.

Isaac Fulwood Jr., the police chief of Washington, said, "this has got to be the largest crowd we've seen. It's huge."

Hunter Ledbetter, 30, a Marine reservist who three weeks ago returned from Zakho, Iraq, where he helped Kurdish refugees, said: "I am so pumped up. This is the most exciting moment of my life."

The $12 million celebration was an official welcome home for the 550,000 Desert Storm troops, although 65,000 of them remain in the Middle East and though other cities, notably including New York, were preparing their own parades to follow. But many of those present Saturday in Washington saw broader significance.

"I think in my heart I feel this is for me, too," said Walter C. Krauss, a retired army sergeant who served in Vietnam during the 1968 Tet Offensive.

"When I came home, I got out of a cab at San Francisco International Airport and protesters threw eggs and flour on me — I'll never forget it," he said as he watched a navy band playing "The Stars and Stripes Forever." "Yes, today is a very exciting day."

Before the parade, Mr. Bush stood near the Tomb of the Unknowns at Arlington National Cemetery, looked out at the crowd, many of whom were crying, and said he hoped "this time was the last time."

In the wake of this victorious war, he said, "there is a new and wonderful feeling in America."

■ New York City Gets Ready

Robert D. McFadden of The New York Times reported from New York:

Big yellow bows were painted on lower Broadway during the weekend. Tons of ticker tape had arrived in the skyscrapers. Work crews were hammering up grandstands in City Hall Park.

Extra subway trains were set to ferry the crowds. Bands, floats and troops were on the way, a dozen warships were in the harbor and sailors in dress whites were on the town, all in preparation for Operation Welcome Home, the mammoth ticker-tape parade Monday.

At the parade's headquarters, 400 volunteers took calls, rolled tiny flags, fashioned yellow-ribbon lapel pins and attended to myriad crises.

"It's been an amazing experience," said Peter Kohlmann, executive director of the private commission that raised $5.2 million in cash, goods and services to spare the hard-pressed city any expenses.

As many as two million people are expected to witness the four-hour parade, an extravaganza of 24,000 military and civilian marchers from 50 states and 40 countries, including 17 of the allied nations that fought in the war.

Among those in the line of march will be a contingent of Medal of Honor winners, veterans of all the America's major wars in this century, Secretary of Defense Dick Cheney, the Gulf commander, General H. Norman Schwarzkopf, and the chairman of the Joint Chiefs of Staff, General Colin L. Powell.

Iraqi Elite Looks Enduring as Poor Pay for Sanctions

By Alan Cowell
New York Times Service

BAGHDAD — After 10 months of economic blockade, Iraq has been transformed from a land where oil bought guns and food and status to an outcast where no airlines fly, no grain is bought, no spare parts fill the storerooms.

With apparently limited seepage, the international sanctions imposed after its occupation of Kuwait have sealed Iraq from the outside world.

They have brought strong pressure on the Baghdad government to offer some political concessions to its Kurdish minority, promise a kind of democracy to its people and show readiness to comply with international demands for the destruction of its chemical, nuclear and biological warfare potential.

But the sanctions have not fulfilled another underlying objective: President Saddam Hussein is still in power, his elite is entrenched around him, and he shows no sign whatever of relinquishing a powerful grip whose sinews — the secret police, the army and the Arab Ba'ath Socialist Party — have sustained 12 years of his dictatorship.

The debate that seizes many Iraqis and foreign specialists is this: Will the blockade ultimately force action by the Iraqi elite, who are seen in the United States as the only group strong enough to force Mr. Hussein out?

Or will the sanctions continue to do what they have done so far: bring yet more hardship to the poor while causing only modest inconvenience to the rich and powerful?

The argument advanced in the West is that sanctions and isolation will bring such deprivation and discontent that loyalists surrounding the president will conclude that to survive they need to be rid of him.

But this theory is challenged by the fact that the senior figures seen in the West as potential agents of change are inextricably linked to the Iraqi leader by kinship and political debt.

"The sanctions don't affect the regime," said a middle-ranking civil servant who let it be a known to a reporter that he opposed the president's rule. "They have money, cars. They can buy their way out. The poor cannot."

A foreign specialist here said: "The big shots in the army and the party still have their Mercedes and villas. That's why they prefer to be close to Saddam. If he goes, they do not know what the internal situation would be."

The sanctions have divided Iraqis into two groups: those who depend on limited and often inadequate rationed food distributed at low prices by the authorities, and those who can afford to augment the rations with purchases on the overpriced open market.

Within the ration system, said the trade minister, Mohammed Mehdi Saleh, "rice is scarce and cooking oil is one-quarter of what was available before."

A kilogram (2.2 pounds) of open-market rice costs the equivalent of $15 at the official exchange rate; before the conflict, the price was equivalent to 72 cents. Meat prices have doubled, Baghdad residents say. A one-liter (about one-quart) bottle of mineral water costs the equivalent of $3.

The private market is supplied largely by truck from Jordan along the highway between the two countries. It is Iraq's only lifeline, except for smugglers' trails from Iran, Turkey and Syria.

But all those routes seem to supply principally Iraqis able to satisfy expensive tastes.

Over the past two weeks, a reporter traveling in the country saw cola from Syria and beer from Lebanon and Jordan in private stores, while lines formed outside the government's ration stores for staples like flour, rice and cooking oil.

Sanctions have been formally lifted on trade in food and medicines. But according to the United Nations Security Council resolutions that brought a formal cease-fire in the war, Iraq must meet two principal demands to qualify for the full lifting of sanctions: dismantling of chemical, biological, nuclear and ballistic missile capability, and agreeing to pay a large percentage of its oil revenue to Kuwait in war reparations.

But since the UN sanctions monitoring committee has denied an Iraqi request to export $1 billion worth of oil to purchase food and medicines, and since Western governments, including those of the United States, Britain and Switzerland, have refused to unfreeze Iraqi assets worth another $1 billion, Iraqi officials say, Baghdad cannot afford to make the purchases it is technically permitted.

"Iraq is by and large cooperating in the military demands," a senior UN official here said, but it has balked at a UN suggestion that it pay 30 percent of oil revenue in reparations.

In Kuwait, King Fahd and Emir Discuss Defense

Compiled by Our Staff From Dispatches

KUWAIT — King Fahd of Saudi Arabia visited Kuwait on Sunday for the first time since the emirate was freed, and his talks with Sheikh Jaber al Ahmad as Sabah, the emir, during a four-hour stay were believed to have centered on the slow progress toward a Gulf defense force.

It was thought to be the Saudi king's first bilateral visit to Kuwait although he has visited the country before to attend meetings of the Organization of the Islamic Conference.

Saudi Arabia, Kuwait and their Gulf allies agreed in March to build a joint defense force with its nucleus drawn from Egypt and Syria, which provided a total of 55,000 troops for Operation Desert Storm.

Operational status for the force has been delayed because of regional rivalries, underlined last month by Egypt's surprise announcement that it was ordering the withdrawal of its troops from Kuwait. Syria also began pulling out its forces.

Meanwhile, the Kuwaiti government announced that it had set up a panel to review all verdicts issued by a martial law court trying hundreds of accused collaborators.

It was a move to head off criticism of the fairness of the politically charged trials.

The action was announced by Justice Minister Ghazi Sammar in Sunday's editions of the state-controlled newspaper New Dawn, one day after a five-judge tribunal handed down its first death sentence.

Mankhi al-Shammari, a stateless resident of Kuwait, was sentenced by a panel of three civilian and two military judges to be hanged after being convicted of joining the Iraqi Popular Army.

Hours before the verdict, the U.S. ambassador, Edward W. (Skip) Gnehm, in the sternest warning yet by an American official, told a gathering of Kuwaiti businessmen that Kuwaitis "must not let hatred and prejudice replace the traditional values of the Kuwaiti people."

The justice minister told New Dawn the panel was set up by the martial law administrator, Sheikh Saad al Abdullah as Salim as Sabah, who is Kuwait's crown prince and prime minister.

Until Sunday's announcement, martial law allowed Sheikh Saad sole authority to reduce or commute sentences handed down by the martial law court.

(Reuters, UPI)

Shamir Adds To Terms for Peace Talks

Reuters

JERUSALEM — Prime Minister Yitzhak Shamir has raised new conditions for entering Middle East peace talks as well as rejecting U.S. appeals for concessions, the Israeli radio said Sunday.

According to both state-run the radio and the army radio, a letter from Mr. Shamir to President George Bush rejected Mr. Bush's appeal for Israeli concessions on two issues holding up a peace conference, the role of the United Nations and whether the conference would convene more than once.

Mr. Shamir also said in the letter that Israel would insist on strict terms for Palestinian participation, the radios said. Israel would not enter into talks until there was agreement on who would represent the Palestinians, they said.

The hard-line Israeli leader has ruled out the participation in peace talks of any Palestinians from Arab East Jerusalem, which Israel says is now part of the Jewish state, or those living abroad.

He has also questioned a role for those associated with the Palestine Liberation Organization, which includes all well-known Palestinian nationalists. The PLO is regarded by Israel as bent on destroying the Jewish state.

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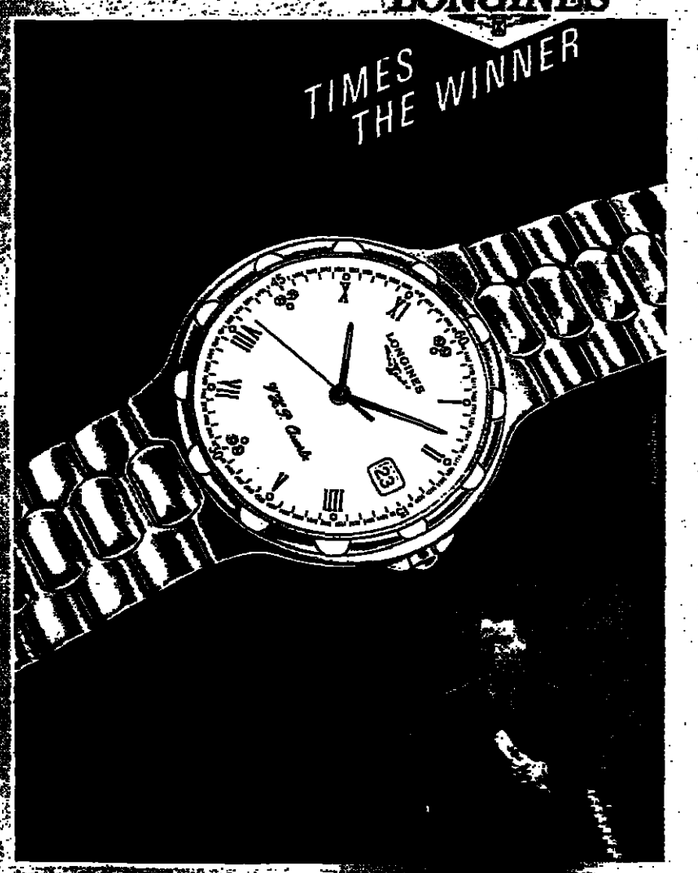

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Herald INTERNATIONAL Tribune
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OPINION

Aid to End Communism

The Soviet Union stands at the turning point of the century: Careful injections of Western assistance could lead it decisively toward the free market and a free society. Yet a harsh chorus in the West now proclaims, "No aid before reform."

Since no one seriously proposes unconditional giveaways, what the slogan really means is no promise of aid until after reform. That would mean no aid at all. And that would be a mistake as monumental as is the moment.

The time for the West to exercise leverage is now — when it can sway the battle within the Soviet Union between forces pushing market reforms and the old Communists clinging to centralized control. The Soviet path to markets will be painful and frightening — especially in the early stages when citizens face raging inflation and unemployment for the first time in their lives. The promise of aid could mitigate the fear and persuade the Soviets to take the plunge.

The alternative is to sit back and watch the Soviet economy implode, threatening the disintegration of a country with, among other things, nuclear weapons. That is reason enough to engage the Soviets before their economy collapses.

American and Soviet analysts, some working together, propose a so-called grand bargain. Aid would flow as the Soviets undertook specific economic reforms en route to free markets. Aid would cease the moment they balked. The plan is modeled on the program under way in Poland, where the World Bank and the International Monetary Fund play their traditional oversight role. Indeed, the grand bargain is grand only in scale; its plan for economic development is routine.

The plan would provide about $25 billion of aid a year for several years. The money would come from Western governments and international institutions. America's share would be $3 billion or $4 billion a year, hardly onerous. The Soviets do not need and would not tolerate a detailed blueprint. But they would have to agree to price reform, budget balance, massive privatization and legal protections for property and contracts.

The first step would be price decontrol and elimination of most subsidies to inefficient businesses. Because prices and layoffs would soar, temporary aid could cushion the early shock. The sequence would proceed along these lines:

Currency stabilization: A $10 billion fund would support the value of the ruble, thus facilitating trade. In Poland, the stabilization fund was never touched. If the Soviets, as required, set a realistic valne for the ruble and cease printing new rubles, their fund will not be needed, either.

Balance-of-payments relief: This would involve cash to import food and other supplies in the early phase of price decontrol. Aid might be $15 billion or $20 billion the first year, then taper off to zero within four years.

Infrastructure: Soviet transportation facilities, food distribution networks, banks and nearly everything else are crumbling. As the need for balance-of-payment relief wanes, about $8 billion a year or more would be diverted to long-term investments.

Technical advice and privatization: International institutions will chip in several billion a year to provide advice about accounting, conversion of military facilities, management training and much else. And the new European Bank for Reconstruction and Development would direct money into start-up companies and other private initiatives.

This program is realistic; it has been used in other underdeveloped countries. And it is financially feasible. Institutions like the World Bank are already geared to supervise the effort. What is missing are commitments on both sides. The Soviets have repeatedly promised radical reform, only to shrink back at every decisive moment. Perhaps this time the West can push them to take the plunge — all the way to markets.

— THE NEW YORK TIMES.

Queuing at the OECD

In the 1990s, the distinction between the poor Third World and the rich First World is going to get very blurred. Countries that lived for centuries in poverty are beginning to behave like their upscale neighbors. To take one small but illuminating example, Mexico has now applied to join the rich people's club, the Organization for Economic Cooperation and Development in Paris. The OECD's 24 members come very close to constituting the list of the world's high-income democracies, and its job is to act as a sort of council of economic advisers to them, collecting data and discussing policy. It is one of the established meeting places of the prosperous and influential.

Some countries on the way up, such as Brazil, have resisted reclassifying themselves out of the Third World. They have found certain advantages in letting everyone else continue to think of them as poor. They get some aid and, more important, they tend not to be held to the same standards as the rich in trading practices. But Mexico under its present government is proving tougher and braver. It invites the world to hold it to the rich countries' rules. Its intention is to reinforce the enormous reforms now taking hold internally and to learn more about the ways in which the rich countries deal with each other.

And why not? In income per capita, Mexico is already substantially richer than one of the OECD countries, Turkey. Its standard of living is about where Western Europe's was in 1950. That puts it about a generation away from real wealth, if its luck and its nerve hold up. Mexico wants other people to realize that it is beginning to be a major force. Of the world's 160 or so countries, Mexico now has the 14th largest economy. The 13th largest belongs to South Korea, which is already taking part in some OECD committees.

Because most of the OECD's members are Europeans, they are particularly sensitive to the collapse of what used to be the Second World — the Communist economies. At its meeting last week, the OECD set up a kind of transitional semi-membership for Poland, Hungary and Czechoslovakia. The line of countries knocking at the OECD's door is lengthening, and the applicants are becoming more diverse.

All these countries want to join the OECD for more than prestige. There is a suspicion that business is conducted there from which nonmembers are excluded. These applications for membership reflect a great change in attitude and intention. Instead of regarding themselves as condemned to eternal poverty and retreating into the politics of envy, some Third World countries now see large opportunities for themselves and want to join the club they believe will help make these opportunities real.

—THE WASHINGTON POST.

A Mess Saddam Made

Saddam Hussein's decision to torch more than 600 oil wells in Kuwait, an act of insane vindictiveness, may yield his grimmest legacy. A photographic essay in Sunday's New York Times Magazine vividly portrayed the appalling mess: oil-soaked workers toiling in 12-hour shifts, struggling with hand tools to staunch the burning flow. What the pictures cannot convey are the costs of Saddam Hussein's inferno.

The fires are consuming 5 million barrels a day, three times Kuwait's prewar production. The lost oil is worth more than $90 million a day. Oil covers thousands of acres, killing plant life and threatening subsurface water. Smoke turns day to night. Hospitals report a dramatic increase in respiratory cases. Anti-pollution masks sell briskly for $30 in supermarkets.

Fears that the fires would cause either a sharp increase in global temperatures or a worldwide cooling under vast soot clouds have subsided. Yet local and regional dangers remain. The greatest threat is a temperature inversion that would keep the fumes at ground level, forcing many people to breathe in toxic gases. Normally the relentless Kuwaiti sun bakes the desert floor, creating thermals of rising air. The fear is that dense smoke will now block the sun's rays, dampen the thermals and trap dirty air close to the ground.

The mist of oil threatens to contaminate the Gulf and the phytoplankton that nourish the region's fish. Some scientists even speculate that the hot fires will interfere with regional weather patterns and disrupt or deflect the July-August monsoons on which the nations of the Indian Ocean depend for water and food.

The carbon dioxide released by the fire may not rise high enough to worsen the feared warming of Earth's atmosphere. Even at their worst, the fires added only 3 percent to the carbon pumped into the atmosphere every day by cars and industrial processes. And they generate less than one-sixth of the greenhouse gases released by reckless deforestation.

Scientists and politicians are finally mobilizing. A team financed partly by the U.S. National Science Foundation and the Department of Energy is on the scene to study consequences and suggest remedies. And the Bush administration shed its indifference by sending William Reilly, head of the Environmental Protection Agency, to Kuwait.

Mr. Reilly, astounded by the devastation, has reported one piece of good news: the capping of 136 fires. At that rate, the fires could be gone in another year — sooner than first thought.

Scientists have suggested a new protocol to the Geneva conventions, outlawing environmental terrorism as an instrument of warfare. However, Protocol I of the 1949 Geneva Conventions tried to do just that, and nobody has paid attention. As Jessica Matthews of the World Resources Institute points out, "War is usually terrible for the environment."

At the very least, calculations of environmental risk belong in future military planning and public debate preceding any decision to go to war. In the meantime, a more vigorous effort is needed to alleviate the human suffering caused by Saddam Hussein's wanton destruction.

— THE NEW YORK TIMES.

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Directeur de la publication: Richard D. Simmons
*Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel.472-7768. Tlx: RS56928 Mng. Dir. Asia, Rolf D. Kronquist, 50 Gloucester Rd., Hong Kong. Tel. 8610616. Telex: 61170 Mng. Dir. U.K., Garry Thorne, 63 Long Acre, London WC2. Tel. 836-4802. Telex: 262009 Gen. Mgr. Germany: W. Lauerbach, Friedrichstr. 15, 6000 Frankfurt/M. Tel. (069) 726735. Tlx: 416721 Pres. U.S.: Michael Conroy, 850 Third Ave., New York, N.Y. 10022. Tel. (212) 752-3890. Telex: 427175 S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
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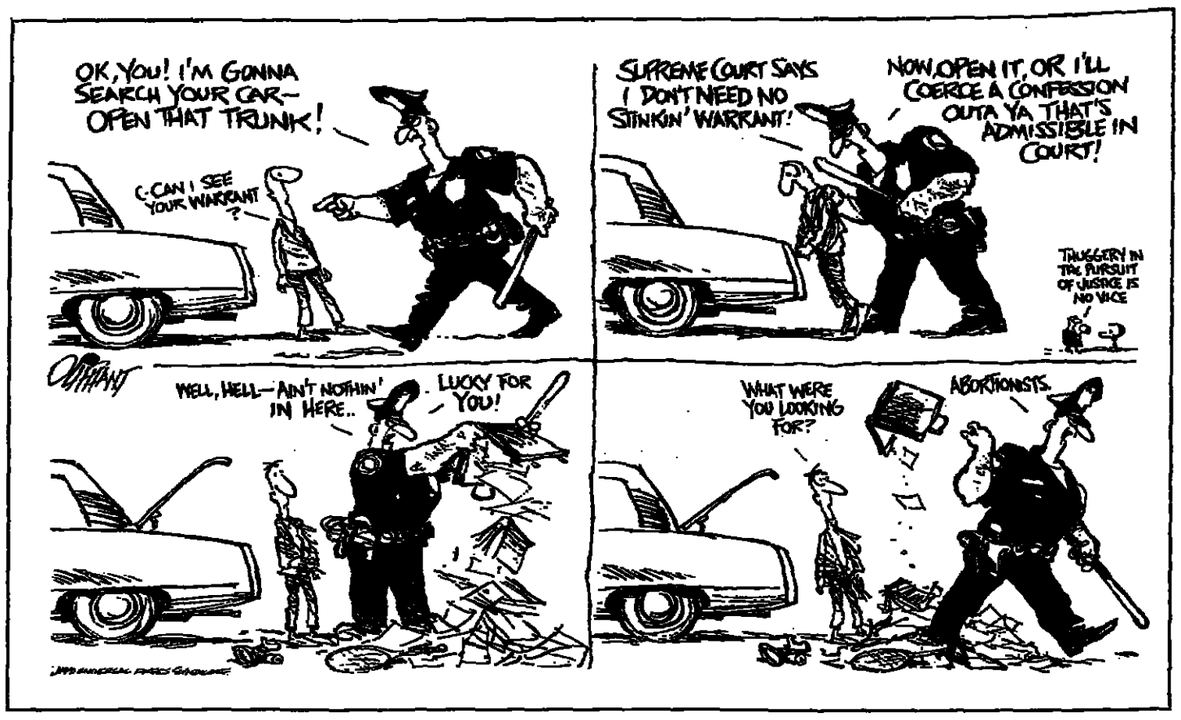


Some Palestinians Are Speaking Their Own Mind

By Leslie H. Gelb

NEW YORK — Along the paths of the labyrinth into which Arabs and Israelis have led the Bush administration, some tantalizing morsels have been dropped by the weakest of all the potential negotiating parties. These morsels represent great risk for those who deposited them and perhaps genuine promise for Mideast peace talks.

The morsels could help explain the real thinking behind Prime Minister Yitzhak Shamir's recent secret letter to President George Bush in which he effectively rejected a U.S.-proposed peace conference. They also could shed light on recent meetings between Syrian and PLO leaders, blood rivals who have preferred killing each other to conversing and who now may be combining talents to kill prospects for negotiations.

The morsel-droppers were Faisal Husseini and his delegation of West Bank Palestinian leaders, whose people have been shattered and adrift since the defeat of their hero Saddam Hussein. They presented two morsels to Secretary of State James Baker during his recent visits to Jerusalem.

One was undertaking to focus prospective talks with Israel on interim measures, specifically on self-government for the West Bank and the Gaza Strip, rather than on the ultimate goal of Palestinian statehood. This is a significant concession to Israel, which proclaims its willingness to accept Palestinian autonomy but not statehood.

Mr. Baker wrested this concession by stressing that the Palestinians need not abandon their ultimate goal of independence, only set it aside. He underlined a U.S. commitment to eventual discussion of the "final status" of the occupied territories.

The second morsel was an indication that the local Palestinians would participate in the talks as part of a combined team with Jordan. In effect, they said they would join with King Hussein of Jordan if there were no other choice.

Israeli hard-liners have always found the idea of a joint delegation more palatable than a separate Palestinian group. It tends to weaken Palestinian claims to an independent identity.

These are morsels, and not major negotiating breakthroughs. But they seem to be part of a growing pattern of local Palestinian self-assertiveness, perhaps a willingness to take their own destiny into their own hands. This independence may now be possible because Yasser Arafat's PLO is badly weakened and alone, the result of having supported the wrong side in the Gulf war and of the failure of the intifada against Israel.

It is likely that Mr. Arafat still calls the shots for Mr. Husseini's group. But local leaders have been proclaiming a need for a popularly elected congress to deal with "day-to-day" affairs, and have been complaining that Palestinians are being terrorized more by the intifada than by Israeli soldiers. The PLO is not mentioned in these statements.

An Israeli government interested in negotiations and Palestinian autonomy as a step toward peace would welcome these signs. But a government like Mr. Shamir's, which appears to view autonomy as a fatal move onto a slippery slope that leads only to Palestinian statehood, seems to find Mr. Husseini's morsels and flexibility quite disquieting.

This disquiet might explain why Mr. Shamir's letter to Mr. Bush rejected reasonable procedural compromises to get peace talks under way. Mr. Shamir would not agree that the United Nations be represented at the conference by an observer, or that the conference reconvene every six months subject to Israeli approval. He argued that these measures would permit a ganging up against Israel.

Hafez Assad of Syria and Mr. Arafat seem to find the prospect of peace talks even more appalling. Their representatives have been conspiring and proclaiming traditional hard-line Palestinian stands. Nor can they be very happy with the seeming independence of Mr. Husseini and his Palestinian delegation, or with the prospect of that delegation joining hands at peace talks with Jordan.

Middle Eastern leaders who seek peace risk losing power and life itself. Could it be that out of despair, local Palestinians have found the self-confidence to take those risks?

The New York Times.

Representative Arabs Would Have a Lot to Discuss

By Mohammed Muslih and Augustus Richard Norton

NEW YORK — The Gulf crisis was the product of flaws in Arab society and politics: the absence of democracy and the alarming, incongruous distribution of wealth and population. These weaknesses constitute the Arab malaise.

Saddam Hussein is a radical example of Arab malaise. While his drive for self-aggrandizement, obsession with foreign machinations, and economic and territorial claims were all relevant and immediate causes of the war over Kuwait, the root causes lie in Arab society and politics.

Had there been a *minimum* level of parliamentary activity and political consultation in Iraq, Saddam could not have blundered into a senseless eight-year war with Iran followed by a suicidal adventure in Kuwait. By the same token, had these two ingredients existed in the Arab states allied against him, a political solution could have been found to avert war.

The fundamentals of democracy — power sharing and public accountability — are largely nonexistent in the Arab states. Since the end of World War II, the power of the Arab state has reached appalling levels. The state is the largest employer, and its chief executive is almost a god, protected by layer upon layer of secret police. He is obeyed out of fear or desire to secure individual advantage.

The principal growth industry in the Middle East is pervasive, centralized government, heavily bureaucratized and militarized. In Egypt, Iraq and Syria, the number of government employees increased about ninefold in 20 years. If members of the armed and security services are added, the government employs more than one-fourth of the working population. Increased dependence on the state as a source of livelihood undermines the democratic impulse. The employee is in no position to bargain with the employer over civil liberties.

In the absence of significant external or internal pressure, political accountability and limits on power — the essence of democracy — stand no chance in states like Iraq and Syria. In the short run, maximum expectations for the two regimes are limited to some form of nominal elections and the emergence of fragile multiparty systems controlled by a condominium of Ba'ath Party, army and intelligence services.

Saudi Arabia presents particular problems in view of the regime's conservatism, strong domestic influence of the *ulema*, and scarcely articulated pressures for political change. Saudi rulers have evinced little enthusiasm for loosening their grip. Twenty-nine years ago, then Crown Prince Faisal announced the phased introduction of a consultative council that would include both elected and royally appointed members. It would be a pale substitute for a functioning parliament, but even so it has never actually been established. The Saudi regime seems unlikely to foster political liberalization or democratization soon.

In contrast, Kuwait's restored Sabah regime faces serious challenges to liberalize the political system from a newly assertive and increasingly militant opposition. Many Kuwaitis hope for transformation of the emirate into a constitutional monarchy governed by a multiparty parliament. Old grievances have been rekindled by a new sense of contempt for the emir and his retinue. Barring an uncharacteristic move to accommodate the opposition, the emir will soon be faced with a choice of repressing it or blithely waiting to be toppled.

Egypt is the only Arab state that could be called a fledgling democracy, and even there the relatively free parties and press are vulnerable to muzzling in the name of national security.

Still, inchoate liberalization in several states should not be dismissed. The door to democracy has inched open despite severe economic distress in Jordan, where parliamentary democracy was introduced with the November 1989 general election, and also in Algeria and Tunisia.

The stereotype of Arab leaders as autocrats free to ignore the popular will is fading as the phenomenon of public opinion emerges in the Arab world. The development of more vocal popular sentiment reflects advances in literacy, access to media and increasing awareness of events outside the region. It is leading to a growing sense of empowerment.

King Hussein, eager to maintain leadership over his restive pro-Saddam constituency and to enhance his legitimacy at home and among the Arab masses outside his country, first kept his distance from the anti-Iraq coalition while simultaneously opposing Iraq's invasion and adhering to the United Nations resolutions. When Saddam was able to evoke massive support among Jordanians of Bedouin origin as well as Palestinians, the wily king lost his maneuvering room and had little choice but to join the refrain, despite the damage he would suffer in Washington.

Experiments with democratization in Algeria and Tunisia are fragile. Civil society — the melange of clubs and other organizations that act as a buffer between state power and the life of the citizen — has not developed nearly as well as in the West. In both countries, and in Jordan, economic disaster could easily overturn the process of democratization. A setback for democratization in one Arab country will not augur well for the others.

As the dust settles in the Middle East, America will be judged not by the accuracy of its smart bombs but by the wisdom with which it strives for political solutions. The Gulf war illustrated the need for new thinking. Palliatives and double standards are now insufficient. It would be disappointing if Washington focused its diplomatic clout on narrowly conceived negotiations that might founder. An intelligent alternative would be to launch a multilateral dialogue to supplement bilateral negotiations.

The Conference on Security and Cooperation in Europe may provide an appropriate model. The spirit and the structural innovations of the CSCE — its comprehensiveness, creative ambiguity and flexible structure — are worthy of emulation.

Mr. Muslih teaches political science at Long Island University. Mr. Norton is a senior research fellow at the International Peace Academy in New York. This comment was adapted by the International Herald Tribune from the summer issue of Foreign Policy.

New Order? America Is in the Dark

By Tom Wicker

ROME — In the aftermath of the Gulf war, Americans offer a lot of support for President George Bush's call for a "new world order." But they are sharply divided about what that means and what role the United States should play.

Ironically, opponents of the Gulf war strongly favor the concept — as long as it embodies the war's principles of allied action and United Nations support.

Those who enthusiastically backed the war, however, tend to favor the United States taking a lead military role, with or without the support of other nations or the United Nations.

These and other conclusions about U.S. postwar opinion were offered to a conference here by Stanley Greenberg of the Greenberg-Lake Analysis Group of Washington. The conference, focused on world developments after the Gulf war, was sponsored by the Inter Press Service.

Mr. Greenberg, an adviser to Democrats, said his findings were based on a telephone survey taken in late March and on studies of several "focus groups." They were reached in concert with Market Strategies Inc., representing the White House.

These findings undercut the conventional notion that overwhelming victory in the Gulf war left bumptious Americans eager to use their military might to settle the world's problems. Only 46 percent favored such a unilateral military approach. This rose to 57 percent support if costs of an intervention were to be shared by "a broad group of allies."

By 68 to 20, those questioned believed that "the U.S. faces problems at home" requiring more attention than problems abroad. If forced to cut federal spending, 56 percent would reduce military and national security costs rather than social or economic programs.

Nor did Americans seem overly preoccupied with their own interests abroad. A dictator's invasion of a country producing oil for the world was regarded by 46 percent as a very serious threat, but a similar invasion of a country producing oil for the United States alone was regarded as such a threat by only 35 percent.

More than 80 percent of those questioned, however, favored multilateral military action, including U.S. participation and a role for the United Nations, against threatened use of chemical and nuclear weapons, or to thwart invasion of one country by another.

For the once-derided United Nations, the Gulf war seems to have been a boom. Postwar support from Americans reached remarkable levels — a warm 75 degrees of approval on a "thermometer scale."

And even though the United Nations is dedicated to peace, 85 percent believed that the international body, rather than the United States, should take the lead in combating future aggression.

The most support — 93 percent — was found for "the U.S. using its position to get other countries to join together to take action against world environmental problems."

There were contradictions. Seventy percent believed that the United States should rely on economic and diplomatic measures to deal with threats abroad. But 62 percent favored using U.S. "aid, weapons and alliances to maintain a balance of power between hostile countries" around the world.

While 59 percent of respondents believed that the United States has "a moral obligation to defend freedom around the world no matter what it costs," 78 percent believed that "we can't afford to defend so many nations."

Mr. Greenberg said U.S. opinion now perceived the greatest foreign threat posed by dictators as coming from those who sponsor terrorism (92 percent), or who have nuclear, chemical and biological weapons (91 percent).

But 91 percent saw an equal threat from a dictator who "violates human rights, including torturing and murdering his own people." Saddam Hussein of Iraq was pictured during the war as meeting these criteria.

Still, even after the Gulf war, and despite all talk of a "new world order," 84 percent consider "achieving cooperation between the U.S. and the Soviet Union ... the most important step" toward peace and security.

On the whole, Mr. Greenberg told the IPS conference, poll and focus-group findings indicate that Americans "don't have the foggiest notion" of what a new world order should mean. That suggests that the president has not yet made his ideas clear to the public that ultimately must support them.

The New York Times.

Bush Sends Strauss to The Rescue

By Hobart Rowen

WASHINGTON — Robert S. Strauss, the former Democratic National Committee chairman and now President George Bush's surprise nominee to be U.S. ambassador to the Soviet Union, has a simple operating credo: The key to success is the projection of "the image of power."

When Mr. Strauss was President Jimmy Carter's trade negotiator, a White House special assistant, Henry Owen, asked him before the 1977 London economic summit for his briefing paper on trade issues. Mr. Strauss told Mr. Owen not to worry, he would deliver it himself to Mr. Carter in London. "You don't seem to understand," Mr. Owen responded. "You won't be going, so just send me your paper." Mr. Strauss snapped: "Mr. Owen, if you get any paper from me, it will be my resignation."

"I told him," Mr. Strauss said in a recent interview, " 'Mr. Owen, this is contrary to the deal I cut with the president. And I may not be going, but if I don't speak for trade at this summit, I'll have no power, and no image of power, and the only way you get anything done, you have to have the image of power.' I said, 'If I don't go to the summit, it's perfectly all right with me, I didn't want this job anyway, he'll just have to get himself another boy.' "

He got his way. It is hard to say whether the ebullient, 72-year-old corporate lawyer or the Soviets will incur the greater culture shock from their new relationship. "The Soviets have never encountered anything like him," says Robert Hormats, a former State Department official.

The day after his nomination, Mr. Strauss (accessible as always to a journalist) said: "I'm no Russian expert, but I've never had a job yet that I understood when I went into it. I may not be very deep, but I'm a quick study."

The Strauss appointment raised eyebrows among conservative businessmen and professional Sovietologists, who question whether he has the right credentials. To be sure, he is short on Russian history, the language and arms control know-how. But presumably there is a huge store of expertise on such staples on tap at the State Department.

President Bush's choice of Mr. Strauss to replace the retiring Jack Matlock, rather than another career diplomat, appears to be a brilliant and imaginative stroke. What Mr. Strauss the Democrat brings to his new assignment is an intimate relationship with his fellow Texans, Mr. Bush and Secretary of State James Baker, who have been won over to the proposition that both the Soviet Union and Mikhail Gorbachev need to be propped up.

The tip-off to evolving American policy was Mr. Strauss's carefully crafted statement, after Mr. Bush announced his appointment, that "we have a stake" in Mr. Gorbachev's tenure and in "assisting in every way we can with the reforms that hopefully will take place in that country."

With Mr. Strauss on duty in Moscow, President Gorbachev — or whoever will be running the Soviet Union — will have an instantaneous line to President Bush and Secretary Baker, as well as a unique sounding board on how things really work in capitalist America.

A year after Mr. Strauss had secured a right to be at the economic summits, Valéry Giscard d'Estaing criticized him at the 1978 Bonn meeting for what he thought was a self-serving, egotistical report on the progress of trade negotiations.

As Mr. Strauss recalls it, he responded to the Frenchman, "Mr. President, this is a first-rate package." And Mr. Giscard d'Estaing said, "How can you be so sure?" When Mr. Strauss said "I'm sure because I wrote it," Mr. Giscard d'Estaing replied, in English: "Is it in good taste for one to speak so well of one's own accomplishment?"

Mr. Strauss's rejoinder was to tell a story, to the assembled heads of state, about the famous American baseball player Dizzy Dean. When Dean was chided by a reporter for bragging about a no-hitter he had just pitched, he answered, "It ain't bragging if ya done it."

That is the sort of swaggering self-confidence, about himself and America, that Mr. Gorbachev and Boris Yeltsin can expect from Mr. Strauss. They would do well to brush up on baseball lore, Texas slang and creole cooking if they hope to understand Bob Strauss's America. He probably will also tell them a thing or two about how to make a buck (or a million) in a market economy, at the race track or in draw poker.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1891: Rumors of War

BELGRADE — Diplomacy has smashed the rumors of war between Bulgaria and Servia. It was believed that Bulgaria was preparing to attack her neighbor. Premier Stambouloff, so it was asserted, was about to recklessly fling a lighted torch into the Eastern powder mine and engulf Europe in flames of war. Servia ordered the Army mobilized on the ground that a general mobilization was required by law once a year. Suddenly Premier Stambouloff ordered a mobilization of the Bulgarian Army. Servia demanded an explanation. Premier Stambouloff replied by inviting a Servian high officer to inspect the Bulgarian frontier.

1916: Greece Sanctioned

LONDON — The Government, tired of the devious and suspicious policy of King Constantine of Greece and his Ministers, is moving swiftly. The publication of the Foreign Office Note cutting off the supply of coal to Greece was followed by immediate action at Cardiff, where twenty Greek steamships were forbidden to take on any coal and ordered to leave the docks, so as to permit other vessels to take their places. Similar drastic action is expected to be taken by France and Russia.

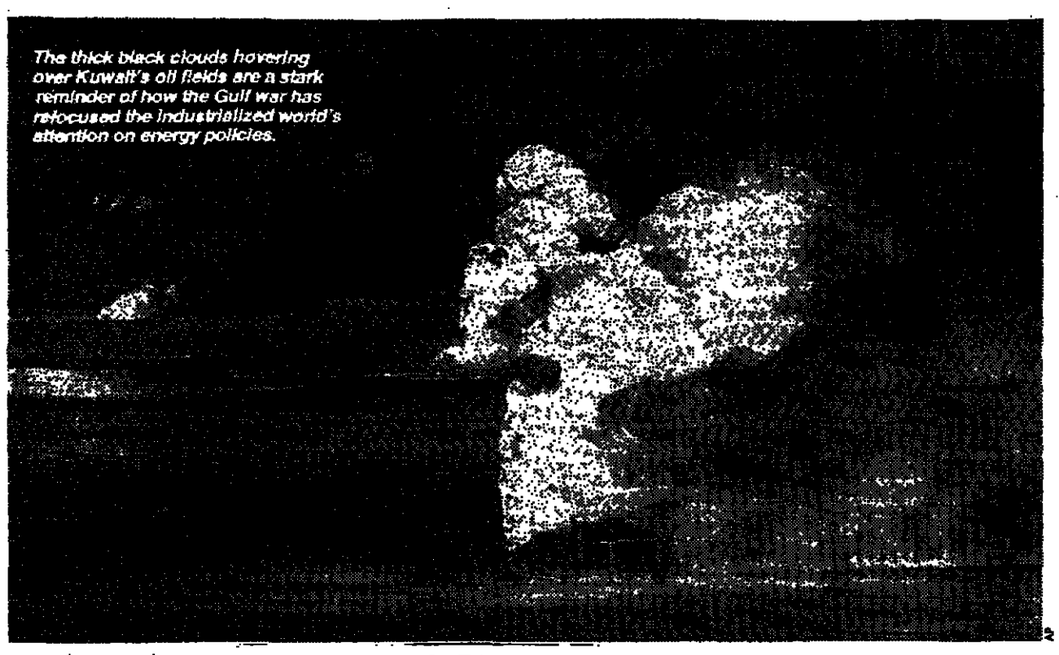
1941: Anti-Strike Action

WASHINGTON — [From our New York edition:] For the first time in his career President Roosevelt cracked down on labor today [June 9], with an order for seizure by the Army of a strike-bound North American Aviation Company Inc. plant. The Army moved in and broke the strike. Congress hurried to back up the President with amendments to the Army appropriations bill which would forbid the use of the appropriations to pay those who participate in picketing of plants certified by the National Defense Mediation Board as essential to the defense program.

1992 The World's Rendezvous With Europe

Energy

Twenty-Fifth in a Series



The thick black clouds hovering over Kuwait's oil fields are a stark reminder of how the Gulf war has refocused the industrialized world's attention on energy policies.

Interview / Loik Le Floch-Prigent, CEO, Elf Aquitaine

Oil Price Outlook: Firm in Long Term

Loik Le Floch-Prigent, chairman, president and chief executive officer of Elf Aquitaine, France's largest oil company, discussed the outlook for the European energy scene and the oil industry worldwide in an interview with Axel Krause, corporate editor of the International Herald Tribune. Following are excerpts from the interview:

What is the outlook for the price of oil?

We are looking long-range at a price which should be between $20 and $25 per barrel. It could, of course, fall below that level in the short term, but the prospects of economic recovery will help firm prices.

At the height of the Gulf war, some observers said it was the beginning of the end for Middle East oil, and the coming of natural gas. Do you agree?

First, the situation did not prevent poor prices from prevailing in the United States, with oil selling for roughly the equivalent of $12 per barrel. This confirmed that forecasters working with the short term always get it wrong. But, secondly, the reserves of Middle East gas and oil are among the biggest in the world, meaning we will be working with the Middle East for the next 10 years to come.

What impact has the EC-1992 program, including tax harmonization and deregulation, had on your activities?

I reason somewhat differently than the sense of the question. An industrialist, whatever the regulations, should continue to sell and to earn profits. Simultaneously, I have taken necessary steps so our group will be completely European, opening the market to our products wherever possible and making acquisitions. We have not been waiting around for 1992 to happen.

What should be done about the allegedly monopolistic behavior of the South European countries when it comes to their oil industries?

It is in everyone's interest, it seems to me, that we come up with a system that is more fluid and flexible. And I think we will get there.

The so-called Lubbers Plan for a European Energy Charter appears to

Continued on Page 9

Megawatts / Power in the New Europe

Prosperity Hinges on Energy Supply

In Europe, individual countries and the European Community are re-examining their methods and the attendant costs of acquiring, using and conserving energy. The war has stimulated drives in Europe to control energy prices, contain energy-related environmental damage, apply new technology to energy production and explore alternative energy sources.

Energy policies are seen as vital to the future of the Soviet Union and the emerging democracies of Eastern Europe. In those countries, as well as in the EC, nuclear power is regarded as a critical issue for the 21st century.

"A secure, economic and environmentally acceptable supply of energy is the very foundation of European civilization — the cornerstone of our industry and of our prosperity," John Wakeham, the British secretary of state for energy, said recently.

"Without such a supply, no modern society could long survive; and no developing country could ever hope to win its passport to the industrialized world," Mr. Wakeham added. "The conflict in the Gulf in many ways reminded us of that fact and placed the issue of energy back near the center of the political stage."

The European Community is tackling energy questions on several broad fronts. For example, the EC Commission has put forth a directive aimed at ensuring that the 12 member nations take action by 1993 to reduce their carbon-dioxide emissions from power plants. Efforts to encourage energy conservation among homeowners, largely through "energy audits" required before any property purchase, are also part of the package.

In France, proposed tax incentives will encourage conservation, while in Germany a special "carbon tax" will fund energy-savings programs and perhaps help pay for the massive environmental cleanup in Eastern Germany. Studies show that the dirty and inefficient industries of Eastern Germany produced twice as much carbon dioxide per capita as in Western Germany.

Thirty-four oil companies agree on 'green code'

In the private sector, 34 of Europe's largest oil companies have agreed to a "green code" of environmental standards, including steps for responding to oil spills and providing more information to a conservation-minded public.

The EC's overall goal is to keep the level of carbon-dioxide emissions in the year 2000 to no more than the total for 1990, despite increasing energy demands from industrial expansion.

One of the EC's most sweeping proposals is the European Energy Charter. The EC describes it as a framework for energy cooperation across Europe. The goal is a set of principles from which member countries will be able to produce specific agreements on bilateral and multilateral issues.

A major aim of the proposed charter is to help the Soviet Union increase production from its vast but underutilized oil and gas fields. The charter has become bogged down, however, by disagreements among the member nations over which non-EC countries, if any, should be included. Non-European countries interested in participating include Japan, the United States and several North African nations.

The reliance on nuclear power in the Soviet Union and East European countries is causing concern in the EC: no one wants another Chernobyl. Czechoslovakia, for example, has reversed its post-revolution determination to scale back its nuclear industry; the electricity it produces can be a valuable export at a time when holding down the trade deficit is imperative.

The EC itself has no formal position on nuclear power, given that six of its member countries have no nuclear power plants while the other six do. France, with 57 plants, relies on nuclear power for more than 70 percent of its electricity.

John Grittus, director general of the British Nuclear Forum, an industry information and trade association, says the Gulf crisis and the emergence of Eastern Europe from the Soviet sphere have helped fuel a reassessment of nuclear power.

"The public has cottoned on to the point that to control pollution in the world we will have to rely on nuclear power," he says. "They may not react gleefully to nuclear power, but they are more realistic in realizing that it will be needed."

Italy, which abandoned its nuclear-power development program three years ago, now finds itself importing 15 percent of its electricity, mostly from France. Worldwide, he says, nuclear power generates 17 percent of the total electricity supply; in the EC it accounts for 34 percent.

Mr. Grittus predicts that countries such as Britain, which has 37 nuclear plants but declared a moratorium on any new ones until at least 1994, will soon reconsider and decide to build more reactors.

The renewed importance of energy issues has also revived EC efforts to fit the seemingly square peg of European energy industries into the apparently round hole of the 1992 goals of wide-open, pan-European free-market competition.

In addition to directives aimed at loosening restrictions on the transport and sale of natural gas and electricity from country to country, the EC is also aiming its free-market guns at the national monopolies that dominate the supply of gas and electricity within individual nations.

Timothy Harper

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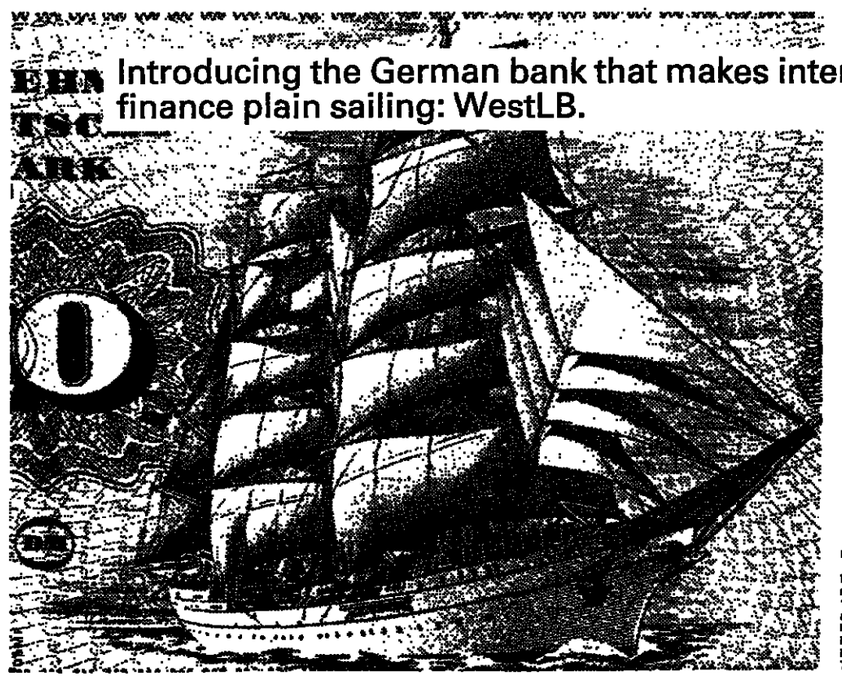

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Alternative Energy/Increased Research

Another Answer Blowing in the Wind

The use of alternative energy — or renewable energy sources — is enjoying slow but steady growth in Europe.

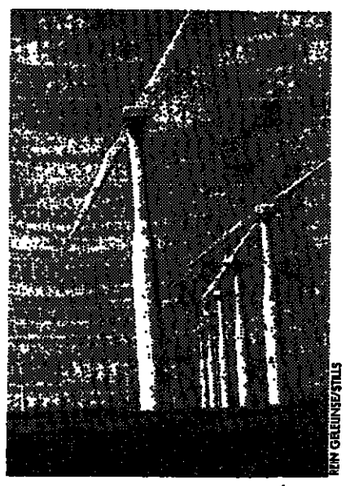
Wind energy for the production of electricity is the major target of EC development programs, especially in Northern Europe, but important research is also being carried out in the areas of solar energy and biomass energy. The waves of the sea and the tides are also receiving attention.

Experts say that two factors influence the EC governments. First, environmental problems are increasingly visible in Europe.

"There is increasing concern for the consequences of the greenhouse effect, caused by carbon-dioxide emissions from traditional energy sources," says Bernard Chabod, director of the New Techniques Service for the French government's Agency for the Control of Energy.

Secondly, European sources of oil are being rapidly depleted.

Despite the need to confront these problems, renewable energy sources account for only about 1 percent of total power-generating capacity throughout the OECD nations, according to an unpublished International Energy Agency working paper on renewable energy sources. It is possible that the renewable energy contribution will rise to 4-5 percent within the next decade, the study shows.


REIN GREUNSE/STILLS

Taming the wind: An experiment in Holland.

Of all the EC countries, Denmark has made the most use of tax incentives and government support to develop wind energy, the IEA study shows. In 1985, the government and the electric utilities agreed to the goal of 100 megawatts of wind-powered electricity by the end of 1990, and that objective has been reached.

The EC continues to lag behind the United States in the development of solar energy. An American law offering considerable tax incentives to solar-energy producers has stimulated production, especially in California. The United States now produces 11 megawatts of solar-produced electricity, almost twice Europe's current capacity.

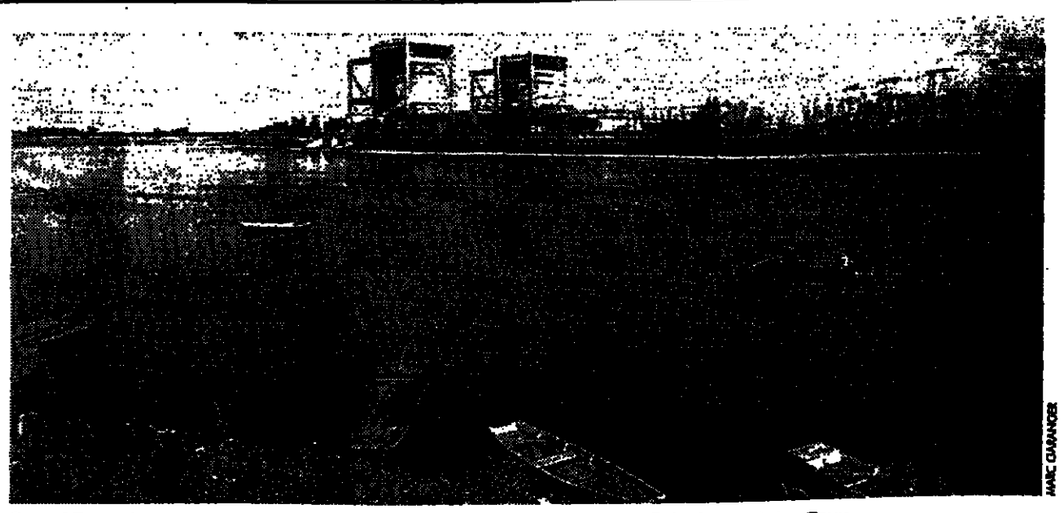
France occupies a leadership position in the EC for the development of solar energy. The country now produces 2 megawatts of electricity from solar energy sources.

"But Europe cannot expect to have a commercial network of solar-energy producers in the near future," Mr. Chabod says. The high cost of solar-energy installations pushes the price of solar-produced electricity far above that produced by traditional means.

The use of biomass — energy derived from plant photosynthesis — has been substantially explored in Europe, according to the IEA study.

"Financial assistance to biomass-fueled power plants (including combined heat and power plants), often accompanied by special arrangements with the electric utilities, has been provided by the governments of Austria, Denmark, Finland, France, the Netherlands and Sweden," the study says.

Andrew Rosenbaum


MARC CHAMAGNER

Part of France's nuclear answer: Pressurized water reactors on the Loire at Saint Laurent des Eaux.

Consumption/Energy Management

Message From Brussels: Save 20 Percent

The EC Commission intends to reduce energy consumption in the EC by 20 percent by means of a program called Specific Actions for Vigorous Energy Efficiency, or SAVE.

With a budget of 35 million Ecu ($46 million), SAVE will institute technical measures and provide financial incentives in its efforts to change consumer behavior.

Building certification codes will become stricter

The European Community reached its target of a 20-percent decrease in energy use between 1973 and 1985. Spurred by high pollution levels and the recent Gulf crisis, the Commission is determined to achieve another 20-percent reduction in the next five years.

SAVE's suggested reforms are many. In the industrial sector, the Commission has already introduced a directive on performance requirements for hot-water boilers. Minimum insulation levels will be set for buildings, and heat-metering will be initiated. Building certification codes will become stricter.

In the automobile sector, Brussels is proposing 15-percent carbon-dioxide emission reductions.

Fiscal incentives provide one method for implementing the SAVE program. The idea, according to SAVE's director in the Commission, Armand Colling, is to use fiscal incentives for organizational purposes. Industrial audits similar to the "environmental audits" that the environmental commissioner, Carlo Ripa di Meana, is now proposing are one example.

All of SAVE's proposals should be on the table within the next two years.

Dan Morrison

Reactors/Fears and Hopes

Bridging Division on Nuclear Policy

While the European Community is moving to develop a common policy for many of its industries, the area of nuclear energy has remained a problem for each EC nation to resolve for itself.

While France has chosen to produce 70 percent of its energy through nuclear power, Italy has absolutely forbidden its use. The people of Sweden have voted for a moratorium on the use of nuclear power; the Swiss made the same choice in a vote last year, barring nuclear power development for 10 years.

Partly as a result of this diversity of approaches, the percentage of total electric power in Europe supplied by nuclear energy has declined slightly over the past two years, according to the Paris-based Nuclear Energy Agency.

The agency nevertheless expects that reliance on nuclear energy in Europe will increase in the next five years.

"What every country of Europe has to avoid," says Pierre Girouard, an analyst with the NEA, "is the reliance on a single form of energy production, be it nuclear or another. Dependence on oil has proven to be dangerous as well.

"France," Mr. Girouard explains, "started implementing a nuclear energy program in 1975. In 1988, when measurements were taken, the air pollution due to electricity production had dropped from 83,000 tons [of polluting substances in the air] to 978 tons."

These results have not failed to impress some European nations. Last April, Britain, France, Belgium and Germany moved to change this diversity of approaches to nuclear energy. The four countries signed a joint declaration of intentions for the use of nuclear power in Europe.

They confirmed their determination to cooperate in achieving a higher level of security for European nuclear installations. This will be done by reinforcing technological exchanges between those responsible for security in the four countries, and between research and development organizations and administrators.

The four countries agreed to work out a common policy for the disposal of nuclear waste and committed themselves to a policy of cooperation with the countries of Eastern Europe.

Those countries in Europe that have chosen to exploit nuclear energy technology have generally followed two different development directions.

France, for example, has worked since the 1970s on the use of large pressurized water reactors, according to Mr. Girouard. "There have been regular improvements in the design of these reactors, and it is logical for France to continue to use them," he says.

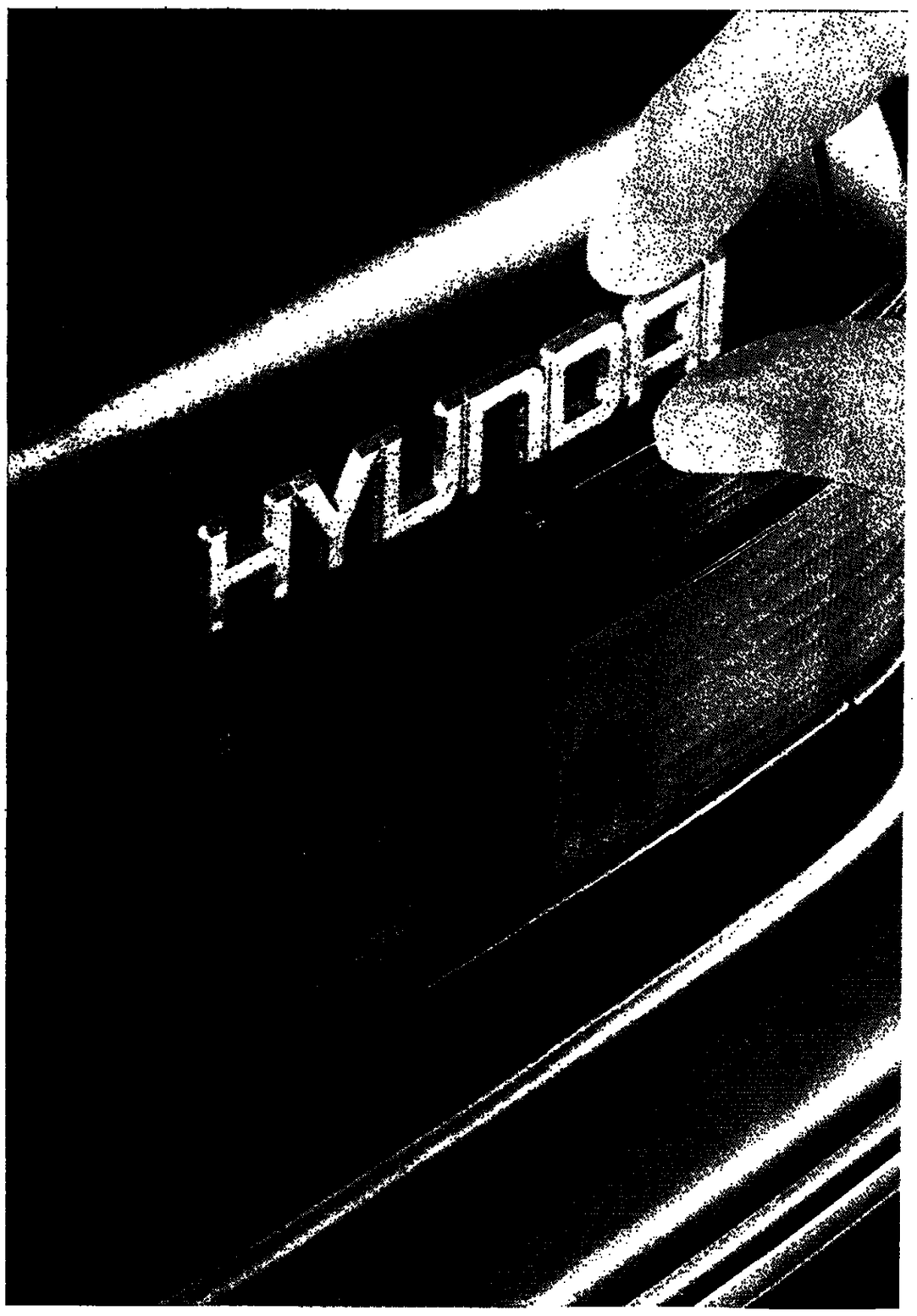
But other countries in Northern Europe espouse a different kind of development. "There is a shift to a revolutionary kind of reactor," Mr. Girouard says, "a smaller reactor that is more tolerant of operator error."

These reactors are also more adaptable to small power grids and can be constructed more quickly to accommodate increases in power grid requirements.

One of the most difficult problems posed by the use of nuclear reactors is coping with the disposal of nuclear waste. France and Germany, which host the largest nuclear-reactor builders, have just signed a cooperation agreement to deal with the question.

On May 6, France's Commission for Atomic Energy and the German Ministry for Research and Technology agreed to work together on the development of treatment of radioactive waste.

A.R.



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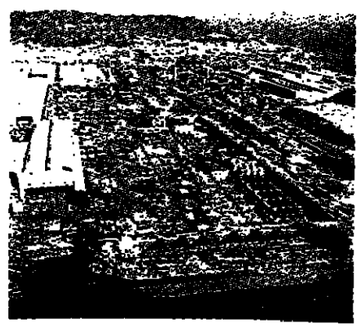

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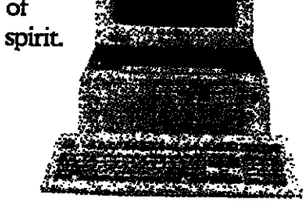

Hyundai's latest venture to develop the natural resources of Siberia is an illustration of its pioneering and innovative spirit.

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1992 The World's Rendezvous With Europe

Energy

Soviet Union/Untapped Resources

Moscow Looks to EC to Help Exploit Fields

Can the Soviet Union and Western Europe pool their energy resources? In June, Soviet Energy Minister Vitaly F. Konovalov will meet with the EC ministers of foreign affairs in Brussels in an attempt to answer that question.

In the past year, the Soviets have begun actively soliciting Western aid in solving their serious energy supply problems. "The energy crisis is holding up perestroika," writes Vera Locatelli, an energy expert with France's Institute for the Economics and Politics of Energy.

10% of EC oil imports come from the USSR

But they face Western resistance because of their antiquated technology. Since the Chernobyl reactor explosion in 1986, governments in Western Europe have wanted to ensure that adequate safety regulations form a part of cooperation agreements with the Soviets.

One problem the Soviets do not have is shortage of energy resources. Experts say that the Soviet Union possesses some of the world's largest reserves of oil, coal and natural gas. But only a small amount of these have been exploited so far, largely because the Soviet Union lacks the necessary technology.

Oil provides a notable example of an underexploited resource. Until now, the Soviet Union has been credited with about 6 percent of the world's oil reserves, while Saudi Arabia has close to 45 percent. "Yet it is clear that there are vast oil deposits in the U.S.S.R. that have not yet been explored," says Geoffrey Pyne, an oil industry analyst with the UBS-Phillips and Drew investment bank in London. "The Soviets do not have the technology to make the necessary exploration."

Although the Soviet Union gains almost a third of its hard currency from exports of oil, the country has taken a short-term approach to this important resource. "They have used special techniques, like the injection of water into wells, to extract oil quickly and in large quantities," Mr. Pyne says. "The fields that they already use are running out, and they haven't spent money in finding new reserves."

Oil accounts for about 40 percent of all energy used in the Soviet Union. One reason the Soviet Union was so hasty to exploit its oil wells is that for years it furnished the countries of Eastern Europe with cheap oil in exchange for food and manufactured goods.

Now the country is having trouble meeting production targets. Extraction fell approximately 500,000 barrels a day during 1990, compared with the previous year. And, since 1988, production has fallen 25 percent in the giant Siberian oil wells. The resulting energy crisis is holding back badly needed economic development.

Under pressure because of the lack of oil, the Soviet Union last September allowed foreigners to help search for oil for the first time, inviting foreign oil companies to submit bids for exploration rights. There are now more than 40 joint ventures with American and European oil companies in operation.

In the area of natural gas, the Soviet Union is eager to form cooperative agreements with the West that would bring in hard currency and increase productivity. The country has the largest reserves of natural gas in the world, but they remain underexploited, like the oil reserves.

The government is proposing to build new gas pipelines that would link the recently discovered deposits in the northern part of the country to Europe. There are also long-term plans for natural-gas pipelines linking Norway, Italy and the Soviet Union, according to sources at the European Bank for Reconstruction and Development in London.

The newly launched bank has begun preliminary discussions on financing such projects. The Soviet Union, in order to finance its part of this large-scale cooperation effort with the West, intends to liberalize energy prices as of January 1, 1992.

A Soviet oil rig in Rogosinsk, in the Arctic Circle, whose production may soon affect the energy balance of Europe.

MARC GARANGER

According to the government energy office, the price of oil, gas, and coal for Soviet consumers will be calculated according to market forces beginning in 1992.

The liberalization of energy prices will undoubtedly provoke inflation. According to a government energy office spokesman, it will also be a crucial factor in attracting foreign companies to invest in the Soviet energy sector. Energy bills will be payable in convertible rubles.

What would the European Community receive in exchange for increased investment in the Soviet Union's energy sector? The EC is interested in assuring the stability of its energy supply. Almost 10 percent of EC oil imports come from the Soviet Union, about the same amount that it received from Iraq and Kuwait together before the Gulf crisis.

If the EC accepts the Soviet Union's plans for developing its energy resources, the regions could initiate an unprecedented series of cooperative agreements. But many political and technical obstacles will have to be surmounted before the European Energy Charter becomes a reality.

A.R.

Natural Gas/Green Market

EC Decides to Take on Europe's Big Monopolies

European companies may soon be able to shop around for natural gas as a result of a drastic EC Commission measure to render Europe's energy market competitive.

The two commissioners behind the move, Sir Leon Brittan and Cardosa e Cunha, are not wasting any time. Member states are instructed to notify the Commission about their plans to repeal natural-gas monopoly laws within two months.

Only 12.5% of Europe's gas trade crosses borders

Monopolies have long dominated EC natural-gas production. Only 12.5 percent of the European gas trade is conducted across country borders, and single firms dominate gas distribution in Germany, France, Belgium, Holland and Denmark. The Commission intends to put an end to such absolute control, and, following a landmark European Court of Justice decision in March, it has the legal framework to do it.

Industrial natural-gas users, chiefly chemical companies, who have traditionally had to place orders via transporters, complain that gas prices are kept artificially high in Europe due to the lack of competition. They are 50 percent higher than in the United States.

The right of users to contact producers directly, known as "third-party access," which is prevalent in the United States but not in Europe up to now, will be the key to the Brussels crack-down on natural-gas monopolies.

The Commission has organized a panel of experts from both gas transport and production companies to advise it on third-party access. Discussions are moving fast, but not without hitches.

Panel members are determined to maintain the security of gas supply and want the responsibility for solving third-party access difficulties to lie with member state governments, not the Commission.

The security of the gas supply is an important issue. The 1989 liberalization of the U.S. natural-gas sector caused distribution problems there, particularly in the Northeast, and EC member states want to avoid such problems.

If natural-gas monopolies in Europe are to agree to breaking themselves up, they want a guarantee that they will still have a market for their gas.

Dan Morrison

Interview / Loïk Le Floch-Prigent, CEO, Elf Aquitaine

Oil Price Outlook

Continued from Page 7

have been proposed to provide Europe a privileged position with regard to the Soviet Union. What is this plan all about?

First, the Soviet Union is in the process of opening up, and there are enormous energy reserves there. Our energy futures have many things in common, and when talking of the energy future of Europe, one is talking, by definition, of the Soviet Union. The second subject [in the Lubbers Plan] is the proposed dialogue between producers and consumers. The basic idea, analogous to efforts to unify Europe's monetary system, is to come up with a European oil system that establishes greater market stability.

Do European oil companies have an advantageous position in the Soviet Union compared with your American competitors?

You need to distinguish between those providing technical assistance, those participating in joint ventures and those oil companies that have signed classic contracts involving the sharing of production. To my knowledge, Elf is the only company in this last category.

How do you plan to earn money?

We are investing in an area around the Caspian Sea. It is one of the greatest oil reserves in the world. Our permit there covers an area about the size of the Netherlands. We signed a general contract last year, and we are about to sign the final one.

How do you feel about the proposed establishment of a European Environmental Protection Agency?

Our concern is knowing early enough what will be involved in any new regulations or directives. Our reaction is not to oppose the promulgation of regulations, but to be prepared for them. By virtue of the dimensions of environmental problems, we are going to wind up with worldwide regulations. Europe is by no means behind the rest of the world when it comes to environmental protection. What we need are stable, consistent rules that are worldwide so we don't see the problems [of pollution], once solved, recurring elsewhere.

Timothy Harper is a London-based American journalist and lawyer.
Dan Morrison, based in Brussels, is a free-lance journalist who specializes in EC affairs.
Axel Krause is corporate editor of the International Herald Tribune.
Andrew Rosenbaum is an American free-lance journalist based in Paris.
The next installment in the 1992 series, on transportation, will appear on Sept. 23.

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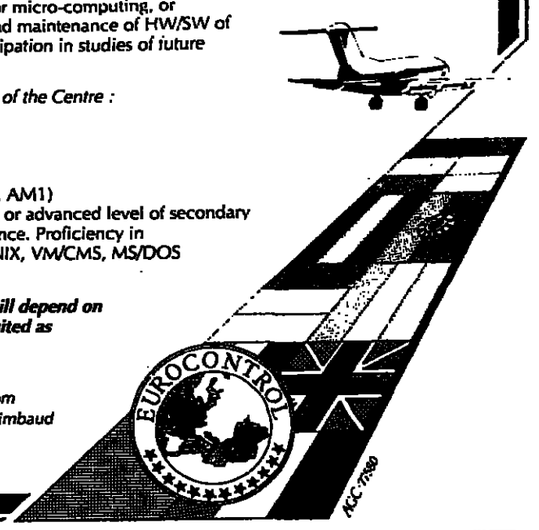

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EUROBONDS

What's Good for Dollar May Not Be for Bonds

By Tom Buerkle
International Herald Tribune

PARIS — The dollar looks set for a new rise following the latest U.S. jobs data, but that is not necessarily good news for the Eurodollar bond market. Analysts and underwriters said the market faces a few rocky weeks until it becomes clear whether U.S. interest rates are at the top of a trading range, which would make bonds good value, or whether an American economic recovery will usher in a long-term bear market for bonds.

Bond prices in the United States fell sharply Friday after the government reported that the economy generated 59,000 new jobs in May, the first increase since June 1990. Prices recovered a bit in the afternoon, but the Treasury's 30-year bond still closed at a level yielding 8.5 percent, up a quarter point from the previous week.

Bond buyers are likely to be skittish until the evidence is clear that growth will be modest.

Philip Suttle, an economist at J.P. Morgan in London, said the market overreacted. "It shouldn't really start coming as a surprise that the payroll numbers started turning around," he said. The figures were consistent with the consensus view that the recession bottomed out earlier in the second quarter and that growth will resume in the second half, he said. But he forecast that the recovery would be "barely discernible," with growth of 2 to 2.5 percent compared with rates of 5 percent plus in previous rebounds.

Recoveries make bond investors anxious, though, and they are likely to be skittish until the evidence is clear that growth will indeed be modest and that inflation will fall below 4 percent later this year, Mr. Suttle said.

"There'll probably be a tendency for long-term rates to drift up" in coming weeks, he said, but he predicted they would drop back to between 8 percent and 8.25 percent late this year. "The slow growth, good inflation story will prevail."

John Lipsky, bond analyst at Salomon Brothers in London, agreed with that scenario. He said long-term U.S. rates are at the top of an 8 to 8.5 percent trading range, but he conceded that recent data indicating a recovery have made the risks of a surge in rates "greater than they were a month ago."

Although the outlook for interest rates is murky, the dollar's is not. It is supported by relatively high interest rates and an economy that, even if it does rebound at a slow pace, is moving in the opposite direction to Europe's slowing economies. Analysts expect the dollar to test 1.80 Deutsche marks, possibly this week. The dollar shot up almost 2 pfennig Friday to close at 1.772 DM.

"The prospects for a stronger dollar are really pretty good," Mr. Suttle said.

THE MOVES in the dollar and U.S. interest rates have left European investors with a dilemma. They want dollar exposure because the currency seems a sure bet to rise, but prices of dollar bonds have tumbled as interest rates have risen. Their solution has been to stay short, buying bonds with maturities of three to five years. Not surprisingly, that was where most of last week's borrowers tapped the market.

Prices of Eurodollar bonds fell less sharply than U.S. Treasuries, reflecting both the Eurobond market's propensity to lag movements in domestic markets and solid retail demand for bonds, especially in Switzerland. Still, by the end of the week new issues were trading at unprofitable levels for underwriters.

The best-received issue, Oesterreichische Kontrollbank's $200 million of five-year, 8¼ percent bonds, ended the week yielding about 30 basis points, or hundredths of a percentage point, more than five-year Treasuries. That compared with a spread of 32 basis points when it was launched.

There was heavy issuance in other currencies last week, but the dollar's rise and terms that favored borrowers more than investors undercut demand for bonds.

Borrowers clearly had the upper hand in the European currency unit sector last week. Sweden's decision last month to link the krona to the Ecu continues to make it easy for borrowers to issue fixed-rate Ecu bonds and swap the proceeds for low-cost floating-rate funds. Plenty of Swedish institutions are willing to pay the Ecu coupons because they can finance the payments by investing in krona bonds, which yield nearly a percentage point more than Ecu bonds.

The outlook for European interest rates depends on the dollar-mark rate, Mr. Lipsky said. Further dollar strength would worry the Bundesbank and could threaten a hike in German rates, he said, and that would reverberate across Europe. But a modest dollar rise should leave German policy and rates unchanged, and allow Europe's high interest-rate countries — Spain, Italy and perhaps Britain — to continue to ease their rates, he said.

The Beatrice Story: You Bought It, Now Manage It

Takeover Artist Reginald Lewis Finds Himself Making Chips and Ice Cream Instead of Deals

By Jonathan P. Hicks
New York Times Service

NEW YORK — When Reginald F. Lewis bought the international businesses of Beatrice Cos. four years ago, most food industry experts expected him to dismantle the operation and sell off the pieces, taking his profits and proceeding to yet another megadeal.

Partly by choice and partly by circumstance, Mr. Lewis has followed a different path.

To be sure, the company now known as TLC Beatrice International Inc. has sold nearly half of what Mr. Lewis acquired in the 1987 transaction.

And Mr. Lewis tried to sell 30 percent of what was left in an initial public offering in late 1989, an effort to raise cash for other acquisitions that failed when market jitters forced him to withdraw the offer.

Still, Mr. Lewis, by all accounts, has worked hard to develop the half of the company he wound up running, capitalizing on the businesses' foothold in the European ice cream and snack food market.

"If one looks at the numbers that have come out of TLC Beatrice in recent quarters, the company has been financially successful by any measure under Reg Lewis," said Leonard G. Teitelbaum, a food analyst with Merrill Lynch Research.

"There is no question that the company has delivered on what was thought to be some pretty aggressive goals a few years ago," he said. "They far surpassed what I thought they would do."

Indeed, Mr. Lewis, 48, a former Wall Street lawyer, seems to have taken to hands-on management with a passion.

Associates within the company describe him as being constantly on the phone, securing reports on the performance of, say, an Italian ice cream product or a snack food in Britain.

Senior executives say that he will drop in virtually unannounced at a potato chip plant in Dublin or an ice cream facility in the Canary Islands, pressing plant managers about the particulars of production.

He now spends nearly as much time in Paris, where he has a home, as in New York, where he relocated the company's headquarters from Chicago.

Beatrice's current assets include 19 grocery product and food distribution companies in Belgium, Denmark, France, Germany, Ireland, Italy, the Netherlands, Spain, Switzerland, Thailand and the United States.

Among its products sold in Europe are Tropicana fruit juices, Arctic and Kalice ice creams, Tayto potato chips and Choky powdered drink mixes.

It owns Franprix supermarkets in France; Interglas in the Canary Islands and Spain; La Menorquina in Spain, and Sanson in Italy.

Yet others say the nuances of marketing fruit-flavored ice cream and spicy potato chips remain relative distractions to a man who would like nothing more than to get back into the business of making deals.

"I would love to do another transaction," Mr. Lewis says. "But it's extremely important to never be impatient. We're looking at many, many things. But right now, at least in the United States, the climate in terms of bank financing is probably the worst that we have seen in 35 years."

To a large extent, the change in climate that ended the '80s — and with it, the era of whirlwind takeovers — explains why Mr. Lewis is so deeply involved in decisions about ice cream and chips. That change sent many Wall Street investors out of dealmaking.

Some, like Carl Icahn, who controls Trans World Airlines, turned to operating their troubled winnings. Mr. Lewis stands out not only because he says he intended from the start to manage a portion of Beatrice, but because of how well he is doing.

What he did soon after making the $985 million acquisition was to sell 80 percent of the Canadian operations as well as businesses in New Zealand and Thailand. That left Mr. Lewis with 19 food product companies, most of them in Europe. In the last year, TLC Beatrice has used that base to move swiftly into Eastern Europe.

Along the way, Mr. Lewis slashed operating costs and produced higher margins. Earnings from continuing operations almost tripled last year, to $45.6 million, from $15.6 million in 1989. Sales climbed 31 percent, to $1.5 billion. And the debt has dropped to $100 million, from about $700 million.

"Under the current management, they are working the assets hard and doing better than before," said Kurt Kalm, a managing director at Dillon, Read & Co.

Some analysts caution, however, that while TLC Beatrice is doing well right now compared with other European companies in the business, competition will heat up next year with the lowering of trade barriers within the European Community. They also note that the dollar's surge this year will pinch profits as European sales are translated to the U.S. currency.

For his part, Mr. Lewis insists that his company will do just fine, buoyed by what he called sufficient investments in research, development and modernization.

What Mr. Lewis will do from this point is unclear. In an interview one day recently in New York, he said he is content for the moment to continue developing the company, while adding that he always has his eyes open for another deal.

And there are several analysts and industry executives who suggest that Mr. Lewis might try a public offering again, perhaps within the next few months.

He has had disappointments in recent years in pursuit of other deals. The largest of those was a bid last summer to acquire the insurance subsidiaries of Ambase Corp.

While the purchase would not have fit in with food products, it would have offered Mr. Lewis the same potential for big profits. But the financially troubled parent of Home Insurance Co. was sold instead to Trygg-Hansa, a Swedish insurer, and Vik Brothers International USA, a European-based investor group.

The biggest disappointment was his aborted initial public offering of TLC Beatrice. Mr. Lewis said he had been "looking forward to having a listing on the New York Stock Exchange so that we could have the ability to do our acquisitions with a combination of cash and stock."

The offering was thwarted by the skittishness of the market and by the widespread perception of Mr. Lewis as a profiteer with little interest in the long-term prospects of companies he acquires.

That reputation grew out of his 1984 purchase of the McCall Pattern Co. for $1 million in cash and $19 million in debt. He sold McCall three years later, for $90 million. The deal thrust him into the front ranks of takeover artists.

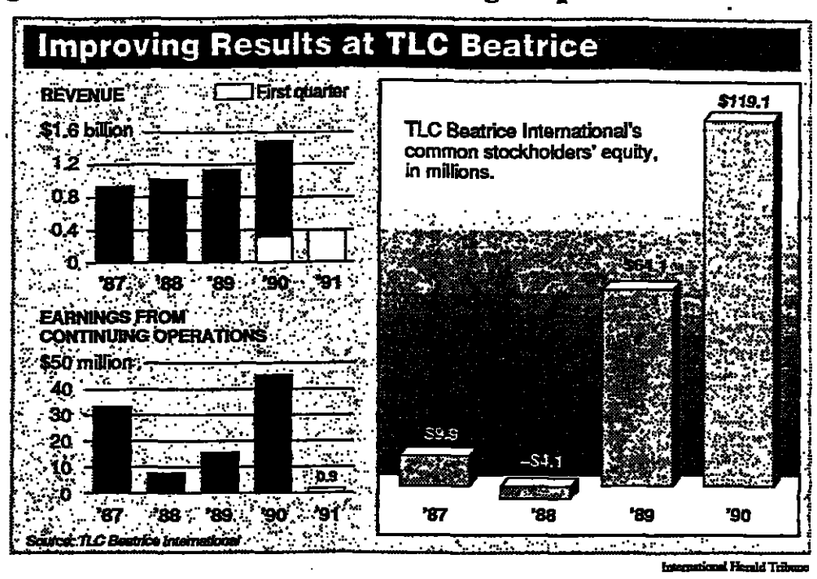
It also set off a still-ongoing legal dispute over how candid Mr. Lewis was in describing McCall's financial condition before selling the company to the John Crowther Group in 1987. Crowther was quickly acquired by the Coloroll Group, a large British home furnishings company. Under that ownership, McCall filed for bankruptcy protection in late 1988.

Although one lawsuit brought by a lender was thrown out, two brought by a group of bondholders and other creditors are pending. The remaining suits contend that Mr. Lewis portrayed the condition of McCall as more stable than it actually was. McCall emerged from bankruptcy late last year.

Mr. Lewis still bristles at the allegations contained in the suits. "McCall Pattern was in excellent condition when we sold the company," he said.

Given his disappointments, Mr. Lewis added, "I've learned that it's never good to look back; it's best to look forward."

But like the financier-turned-manager that he now is, he was quick to add, "Our first priority is to build this company."



Soviets Seek Aid To Export

Proposed Bank May Involve West

By Richard E. Smith
International Herald Tribune

BASEL — The Soviet Union is considering the creation of an export development bank that may allow participation by Western interests, an official said Sunday.

"Interest from the West would be welcome," said Alexander Doumov, deputy managing director of the State Bank of the Soviet Union, who is attending the annual meeting of central bankers at the Bank for International Settlements.

The plight of the Soviet Union is expected to be a subject of intense interest at the BIS meeting, coming a few weeks ahead of Mikhail S. Gorbachev's visit to London to seek aid from leaders of the Group of Seven industrial countries.

Mr. Doumov cautioned that it could take "one year or more" to set up an export development institution and gave the impression that plans for the project were not yet very concrete.

But he said such a bank could play a helpful role in boosting Soviet sales abroad. This, analysts said, could be particularly important at a time when the country's key oil exports are flagging.

Mr. Doumov said the proposed export bank would be independent of the Soviet Foreign Trade Bank and would have a "mixture of shareholders" that might include Western interests from both the public and private sectors.

Mr. Doumov, who recently attended courses at Harvard Business School, said the new bank would not undertake "the financing of huge projects" but would assist export industries in applying "techniques to achieve a profit."

The chairman of the Soviet State Bank, Viktor V. Gerashchenko, who is also in Basel, said Sunday that the West could best help his country with massive technical assistance, rather than loans, Reuters reported. But he added that he was

See EXPORT, Page 13

U.S. Net Debt Surprisingly Big

By Keith Bradsher
New York Times Service

WASHINGTON — Foreign investments in the United States exceed American investments overseas by much more than most economists previously believed, according to heavily revised figures released Sunday by the Commerce Department.

The significance of such figures is hotly debated. Some economists contend that they simply show that the United States is a good place to invest.

But other economists and many politicians have warned that the nation's investment position shows that the United States is no longer competitive in world markets and has mortgaged its future to foreigners.

The Commerce Department's previous, pessimistic calculations of the nation's net investment position had been widely discounted by economists of all political persuasions, in academia and elsewhere in the government.

These economists have contended that the department's methods were outdated and badly understated the value of American investments overseas and of the federal government's holdings of gold.

The Commerce Department took these criticisms into account in the international investment figures released Sunday. But the revisions made less of a difference than economists had predicted, showing that foreign investments in the United States still exceeded American investments overseas by at least $281 billion and possibly $464 billion.

Economists outside the Commerce Department had estimated the deficit at less than $200 billion and suggested it might be nonexistent. Allan H. Young, the director of the department's Bureau of Economic Analysis, said that his statisticians had spent a year reviewing much more detailed information than the outside economists had been able to use.

The revision, which covers the years 1982 through 1989, will be revised and updated again next month to bring the data up to date, United Press International reported. The revision means that investors and others will now have two new numbers to reflect the net investment position.

One of those numbers, current cost, is an estimate of the cost of replacing property, plant and inventories. The second figure, market value, is a measure of the intangible assets such as a well-trained work force that give certain companies more clout on Wall Street.

Indonesia Curbs Borrowing

Reuters

JAKARTA — Heavily indebted Indonesia, which hopes this week for record new aid pledges from the West and Japan, on Sunday urged its banks to restrain their foreign borrowing.

"We want to avoid cases like in Latin America," Finance Minister Johannes Sumarlin said in a telephone interview.

He urged state banks to stop foreign borrowing and private banks to be more prudent, though he did not issue any new rules. "I think my appeal will be enough," he said.

Foreign borrowing by the private sector and state banks jumped 46 percent, or $7 billion, in the fiscal year to last March, according to the International Montary Fund. Bank loans account for about a third of Indonesia's foreign debt of $66 billion.

The rush to borrow offshore, to a large extent sparked by high interest rates at home, has overcrowded already tight international markets and sharply raised the costs for Indonesian borrowers.

Jakarta has always been adamant it would not reschedule its debts, many of them raised in the early 1980s when prices for its oil were high. It has tried to remold the economy to make it more efficient to generate enough money for development and to pay off the loans.

The World Bank has recommended that donors, who meet on Tuesday in The Hague, pledge $4.6 billion in fresh aid, slightly more than last year's record figure.

Many economists have been telling the government to clamp down on foreign borrowing, which a freedom from exchange controls has made tough to control.

Mr. Sumarlin declined to say whether the move had been provoked by Indonesia's ballooning current account deficit, which the IMF says grew to $4.5 billion in 1990-91 from $2 billion the previous year.

In March, Indonesia's trade balance turned into a deficit of $134.5 million, the first in more than two years. "It's really significant and quite worrisome," one economist said of the deficit.

The trade balance has been hurt by high imports of capital goods to meet needs to promote exports, which in turn have been slowed by the world economic downturn.

But several analysts said some large projects by politically well-connected local businessmen may be causing some of the damage since they can often raise needed money through state banks.

CURRENCY RATES

Cross Rates June 7

	$	£	DM	F.F.	Lira	D.FI	S.F.	S.F.	Yen	Can $	Pesetas
Amsterdam	1.9715	3.3225	1.1264	0.3327	0.158 *	—	5.672 *	1.313	1.69 *	1.7265	1.992 *
Brussels	36.13	60.875	20.65	6.095	2.9729 *	18.305	—	24.0725	30.994	31.5575	36.545*
Frankfurt	1.7504	2.955	—	0.2953	0.1347 *	0.8877	4.16 *	1.1672	1.538 *	1.5314	1.617 *
London (a)	1.4735	—	2.0302	10.457	2.198.50	2.3208	68.05	2.536	234.06	1.9128	182.72
Madrid	182.747	102.85	63.888	10.367	0.258 *	54.942	3.8977	72.22	72.805 *	74.188	—
Milan	1.284.65	2.192.20	742.50	378.05	—	698.35	36.865	864.68	9.242	1.237.50	11.896
New York (b)	—	1.671 a	1.772	0.302	1.703.80	1.596	34.465	1.5332	148.47	1.3484	108.50
Paris	5.9565	10.023	3.3865	—	0.4564 *	2.6877	0.1647	3.9542	43.635 *	5.705	5.4545*
Tokyo	130.38	204.98	79.36	22.44	8.1972	78.45	3.8581	92.88	—	127.47	1.2847
Toronto	1.1483	1.7182	0.6482	0.1915	0.075 *	0.5751	2.139 *	0.2357	0.7881 *	—	1.869 *
Zurich	1.5165	2.5384	0.9572	0.2833	0.1136 *	0.7612	4.1451 *	—	1.2882 *	1.2337	1.3884*
1 ECU	1.714	0.6894	2.6878	0.4725	1.252.40	2.7184	42.2594	1.2655	163.529	1.3424	122.226
1 SDR	1.3287	0.7982	2.3337	0.7015	1.733.88	2.6237	48.0227	1.199	154.989	1.3262	144.481

Closings in Amsterdam, London and Zurich, fixings in other centers; New York closing rates and Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	9165.0	Greek drac.	192.45	Mex. peso	3018.01	S. Afr. rand	2.831
Austral. $	1.3342	Hong Kong $	7.7397	N. Zealand $	1.7241	Soviet ruble*	0.5962
Austr. schil.	12.23	Indian rupee	21.853	Norw. krone	6.839	Swed. krona	6.303
Brazil cruz.	208.45	Indo. rupiah	1944.00	Phil. peso	27.46	Taiwan $	26.88
Chinese yuan*	5.3229	Irish £	0.6586	Port. escudo	153.25	Thai baht	25.64
Danish krone	6.7315	Israeli shek.	2.3533	Saudi riyal	3.75	Turkish lira	4897.00
Egypt. pound	3.3634	Kuwaiti dinar	0.27	Sing. $	1.7745	UAE dirham	3.672
Fin. markka	4.152	Malay. ring.	2.7675	S. Kor. won	725.80	Venez. bolív.	55.00

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6690	1.6617	1.6536	Canadian dollar	1.1490	1.1516	1.1539
Deutsche mark	1.7671	1.7716	1.7756	Japanese yen	140.01	140.18	140.30
Swiss franc	1.5143	1.5168	1.5188				

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States	June 7	May 31	Close
DJ Indus.	2,976.74	3,027.50	—1.68 %
DJ Util.	209.26	211.77	—1.19 %
DJ Trans.	1,227.43	1,229.02	—0.13 %
S & P 100	359.61	370.13	—2.84 %
S & P 500	379.43	389.83	—2.67 %
S & P Ind	451.79	464.98	—2.84 %
NYSE Co	208.19	212.99	—2.25 %
Britain			
FTSE 100	2,304.30	2,299.30	+ 0.27 %
FT 30	1,935.20	1,937.30	—0.10 %
Japan			
Nikkei 225	25,035.	25,796.	—2.93 %
West Germany			
DAX	1,709.64	1,704.11	+ 0.32 %
Hong Kong			
Hang Seng	3,637.77	3,707.81	—1.87 %
World			
MSCIP	508.30	515.40	—1.38 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	June 7	May 31
Discount rate	5½	5½
Prime rate	8½	8½
Federal funds rate	5½	5 13/16
Japan		
Discount	4.00	4.00
Call money	8.00	7 31/32
3-month interbank	7 11/16	7 19/32
West Germany		
Lombard	9.00	9.00
Call money	8¼	6.00
3-month interbank	9.00	9.00
Britain		
Bank base rate	11½	11½
Call money	11¾	11½
3-month interbank	11 5/16	11⅜
Gold	June 7	May 31
London a.m. fix.$	367.00	360.40
Close		+ 1.83 %

Bonn Seeks To Unblock Tax Bill

Reuters

BONN — Finance Minister Theo Waigel has offered to share revenue from a proposed higher gasoline tax with Germany's states to break the legislative impasse over a tax package to finance unification, his spokesman said Sunday.

The spokesman said Mr. Waigel was prepared to share 3 billion Deutsche marks ($1.7 billion) from increased revenue if the money were used for building up public transport systems.

Bonn's efforts to raise cash for German unity hit a serious snag on Friday when the upper house, the Bundesrat, rejected tax increases due July 1. The chamber is made up of representatives from the country's 16 *länder*, the states.

The opposition Social Democrats, who have a blocking majority in the upper house, sent Chancellor Helmut Kohl's tax legislation into committee. The center-right government is now trying to find a compromise.

As the true cost of reviving the economy in Eastern Germany became apparent, Mr. Kohl reneged on an election promise last year not to raise taxes to pay for unification.

His proposed tax rises would boost federal revenue by 17 billion DM this year and by 27 billion DM in 1992.

They include a 7.5 percent surcharge on income tax bills for a year, a rise of up to 25 pfennig in gasoline tax and a 3-point rise in insurance tax to 10 percent.

Mr. Waigel said each month's delay in the introduction of the higher gasoline tax would cost Bonn 1.1 billion DM in revenue.

Peugeot Chief Assails Car Deals With Japan

Reuters

PARIS — Jacques Calvet, the chairman of Peugeot SA, said on Sunday that agreements between European manufacturers and the Japanese would be "suicidal."

Referring to an agreement between Mitsubishi Motors Corp. and Volvo AB for a joint factory in the Netherlands, Mr. Calvet said the Japanese were ready to pounce on any signs of weakness in Europe.

"If we made agreements with the Japanese of the type envisaged, European jobs and technology, the European standard of living and the political sovereignty of Europe could suffer serious consequences," he said in a radio interview.

On Saturday, Mr. Calvet described the Mitsubishi-Volvo deal as "sinister" and "the start of something much more important."

On Sunday, he said the deal, coupled with Volvo's cross-shareholding with Renault, raised problems for Peugeot's cooperation with Renault on research and engine construction. "I don't want the results of our studies to go to Volvo, even less so now that Volvo is getting closer to Mitsubishi," Mr. Calvet said.

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YEAR 1990

BANQUE SAGA

Annual meeting of stockholders, held on May 30 1991 and presided by Mr Marc PETIT, approved the accounts for the year 1990.

■ Net consolidated Profits Amounting to FF 87.6 millions.

■ Consolidated Balance Sheet Amounting to FF 4100 millions.

■ The new structure of the Bank's share capital is the following :
MACIF remains a shareholder up to 5 %.
ALTUS FINANCE becomes the Bank's reference shareholder owning 33.4 % of the total share capital.

1990 Annual Report available on request at :
BANQUE SAGA
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WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. June 7

Dollar Straights

Governments/ Supranationals

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
AIDC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev Bk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev Bk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev Bk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria Wheat	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austri Control	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austri Postspa	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BC Hydro	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CAECL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CBA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CEPME	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada Treas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council Europe	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cr Foncier	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cr Natl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Exp Fin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Mtg	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dosoukraftw	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECSC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EDC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EDF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exp Imp Jap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Exportfin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FBDB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Farm Credit	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ferrovie Stato	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin Exp Cr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finn Export Cr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz de France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hungary Dev	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IADB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JFM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jap Airl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jap Dev Bk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jap Fin Corp	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jap Highway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansai Int Air	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kobe City	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MFABC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Metro Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N Brunswick	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NIB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Newfoundland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nova Scotia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OCCH	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Hydro	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Prov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Osaka Prefect	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Petro-Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Prov Alberta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Qantas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Hydro	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Prov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Queensland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rural Bk N Z	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SEK	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNCF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sallie Mae	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
St Bk Victoria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sth Aust Govt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Turkey	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Victorian P A	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vienna	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World B Sto	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Banks & Finance

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Global Corporates

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Third World

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Dollar Zeros

Issuer	Mat	Price	Yld	Spd Trsy
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Floating Rate Notes

Issuer & Mat, Price, Crt. Cpn.

Deutsche Marks

Issuer & Mat	Price	Crt. Cpn.
[illegible]	[illegible]	[illegible]

Pounds

Issuer & Mat	Price	Crt. Cpn.
[illegible]	[illegible]	[illegible]

Dollars

Issuer & Mat	Price	Crt. Cpn.
[illegible]	[illegible]	[illegible]

Ecus

Issuer & Mat	Price	Crt. Cpn.
[illegible]	[illegible]	[illegible]

MUTUAL FUNDS

Figures as of close of trading Friday, June 7.

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

Fund	Bid	Ask
[illegible]	[illegible]	[illegible]

NL— No initial sales load. †— Previous day's quote. r— Redemption charge may apply. x— Ex dividend.

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Birmingham Midshires Building Society	£ 50	1995	0.10	99.455	—	Over 3-month Libor. Noncallable. Fungible with outstanding issue, raising total to £150 million. Fees 0.10%. (Baring Brothers.)
CMS Number 11	£150	2028	0.575	100	—	Interest will be 0.575 over 3-month Libor until 2001, and 1 point over thereafter. Reoffered at 99.87. Average life 3.4 years. Noncallable. Fees 0.38%. Denominations £10,000. (Goldman Sachs Int'l.)
Fixed-Coupons						
Banco Nacional de Comercio Exterior	$100	1996	9⅝	100	—	Noncallable. Fees 1⅝%. (Goldman Sachs Int'l.)
Finnish Export Credit	$200	1993	7½	100.975		Reoffered at par. Noncallable. Fees 1⅛%. (Lehman Brothers.)
Guinness Finance	$200	1994	8	101.12	99.55	Reoffered at 99.97. Noncallable. Fees 1⅝%. (Credit Suisse First Boston.)
Oesterreichische Kontrollbank	$200	1996	8¼	101.575	99.30	Reoffered at 99.95. Noncallable. Fees 1⅞%. (J.P. Morgan Securities.)
Standard Credit Card Master Trust	$625	1994	7⅞	99⅝	—	Noncallable. Fees 0.275%. (Salomon Brothers Int'l.)
Standard Credit Card Master Trust	$ 78	1994	8¼	99.60	—	Noncallable. Fees 0.275%. (Salomon Brothers Int'l.)
Standard Credit Card Master Trust	$875	1998	8⅝	99.93	—	Noncallable. Fees 0.45%. (Salomon Brothers Int'l.)
Standard Credit Card Master Trust	$109	1998	9¼	99.05	—	Noncallable. Fees 0.45%. (Salomon Brothers Int'l.)
State Bank of New South Wales	$200	1996	8½	99.56	98.75	Noncallable. Fees 0.30%. (Deutsche Bank Capital Markets.)
Finnish Real Estate Bank	DM 150	1996	8⅝	101¾	—	Noncallable. Fees 2%. (BHF Bank.)
Landesbank Schleswig-Holstein	DM 100	2001	8½	101¼	—	Callable at par in 1994. Fees 2½%. Also one million warrants, priced at 3.50 marks each, exercisable at par on May 31, 1994 and in lots of 100 into an additional 8½% bond due 2001. (Trinkaus & Burkhardt.)
Compagnie Bancaire	FF 500	1995	zero	70.755	69.35	Reoffered at 69.63. Noncallable. Proceeds 349 million francs. Fees 1⅜%. (J.P. Morgan & Co.)
Crédit Lyonnais	FF 500	1995	zero	71.045	69.55	Reoffered at 69.92. Noncallable. Proceeds 350 million francs. Fees 1⅜%. (Crédit Lyonnais.)
Crédit National	FF 500	1995	zero	71.195	70.10	Reoffered at 70.07 to yield 9.30%. Noncallable. Proceeds 351 million francs. Fees 1⅜%. (J.P. Morgan & Co.)
Abbey National Treasury Services	ITL 150,000	1996	11.80	101.85	100.05	Noncallable. Fees 1⅞%. (Monte dei Paschi di Siena.)
BP Developments Australia	ITL 200,000	1994	11¾	101.70	100.17	Noncallable. Fees 1⅝%. (Istituto Bancario San Paolo di Torino.)
Okobank	DF 200	1996	9¼	101.40	100.50	Noncallable. Fees 1%. (Rabobank.)
Banco di Roma (London)	ECU 150	1994	9½	101.175	99.60	Reoffered at 100.05. Noncallable. Fees 1⅜%. (Lehman Brothers.)
Caisse Nationale des Autoroutes	ECU 300	2000	9	99.28	98.70	Noncallable. Fees 0.325%. (Crédit Commercial de France.)
Council of Europe	ECU 100	1993	9⅝	101.025	—	Reoffered at 100.05. Noncallable. Fees 1⅛%. (Goldman Sachs Int'l.)
IBM Int'l Finance	ECU 125	1994	9	101.188	98.85	Reoffered at par. Noncallable. Fees 1⅜%. (Deutsche Bank Capital Markets.)
Rabobank Nederland	ECU 150	1994	9	100.988	99.60	Reoffered at 99.80. Noncallable. Fees 1⅜%. (Swiss Bank Corp.)
Postipankki	FM 200	1996	zero	60	—	Noncallable. Proceeds 120 million markka. Fees 0.25%. (Postipankki.)
ABB Finance	SK 750	1996	10½	100½	—	Noncallable. Increased from 300 million kronor at 99¾. Fees 1⅜%. (Deutsche Bank Capital Markets.)
Crédit Commercial de France	C$ 150	1996	10¼	101.10	—	Reoffered at 99.55. Noncallable. Fees 1⅞%. (Goldman Sachs Int'l.)
KFW Int'l Finance	C$ 100	2001	10	96.675	96.50	Noncallable. Fungible with outstanding issue, raising total to C$400 million. Fees 0.325%. (Merrill Lynch Int'l.)
Société Générale	C$ 100	1995	10¼	101.31	99.75	Reoffered at 99.96. Noncallable. Fees 1⅜%. (Goldman Sachs Int'l.)
Vancouver City	C$ 40	2001	10⅝	101.15	98.88	Reoffered at 99.65. Noncallable Fees 2%. (RBC Dominion Securities Int'l.)
State Bank of South Australia	Aus$ 75	1994	11	101.20	99.45	Noncallable. Fees 1½%. (Hambros Bank.)
Toronto Dominion Australia	Aus$ 75	1998	11¼	101.40	98.30	Noncallable Fees 2%. (Westpac Banking.)
Okobank	NZ$ 25	1992	9½	101	—	Noncallable. Fees 1%. (Fay, Richwhite.)
Asahi Breweries	¥50,000	2000	7.30	101⅜	—	Reoffered at par. Noncallable. Fees 2%. Denominations 10 million yen. (Nomura Int'l.)
Belgium	¥50,000	2001	6⅝	99.45	99.05	Noncallable. Fees 0.325%. Denominations 10 million yen. (Nomura Int'l.)

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Den Norske Bank	¥10,000	1994	7½	101.105	—	Noncallable. Fees 1⅝%. Denominations 10 million yen. (Nikko Securities Europe.)
Kansallis-Osake-Pankki	¥6,000	1993	6½	99⅝	—	Noncallable. Fees 1⅛%. (IBJ Int'l.)
Konica	¥10,000	1998	7¼	101.35	—	Reoffered at 99.85. Noncallable. Fees 1⅞%. Denominations 10 million yen. (Nikko Securities.)
Mitsui Real Estate Development	¥10,000	1998	7.20	101⅝	—	Reoffered at 100.075. Noncallable. Fees 1⅞%. Denominations 10 million yen. (Daiwa Europe.)
Mitsui Real Estate Development	¥10,000	1998	7.20	101⅝	—	Reoffered at 100.075. Noncallable. Fees 1⅞%. Denominations 10 million yen. (Yamaichi Int'l Europe.)
Mitsui Real Estate Development	¥50,000	1999	7.20	101.725	—	Reoffered at 100.10. Noncallable. Fees 2%. Denominations 10 million yen. (Nomura Int'l.)
Mizuno Finance-Netherlands	¥10,000	1996	7.40	101¼	—	Reoffered at 99.675. Noncallable. Fees 1⅞%. Denominations 10 million yen. (Nomura Int'l.)
Nissan Motor	¥20,000	1998	7.20	101¾	—	Noncallable. Fees 1⅞%. Denominations 10 million yen. (Nikko Securities Europe.)
Nissan Motor	¥20,000	1999	7.20	101¾	—	Noncallable. Fees 2%. Denominations 10 million yen. (Daiwa Europe.)
Onoda Cement	¥10,000	1998	7¼	101½	—	Reoffered at par. Noncallable. Fees 1⅞%. Denominations 10 million yen. (Nikko Securities Europe.)
Scandinavian Airlines Systems	¥10,000	2001	6.10	93.30	—	Noncallable. Fees 2%. Denominations 10 million. (Daiwa Europe.)
Toray Industries	¥30,000	1998	7.20	101.40	—	Reoffered at 99.85. Noncallable. Fees 1⅞%. Denominations 10 million yen. (Nomura Int'l.)
Equity-Linked						
Aoki Int'l	$200	1995	4	100	112.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 7,995 yen per share and at 140.10 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Brother Sales	$100	1995	4	100	102.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 615 yen per share and at 140.10 yen per dollar. Fees 2¼%. (Nikko Securities Europe.)
Fujisawa Pharmaceutical	$370	1995	4	100	101.50	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 11. (Yamaichi Int'l Europe.)
Kobe Steel	$370	1996	4½	100	100.00	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 10. (Yamaichi Int'l Europe.)
Morinaga & Co.	$130	1995	4	100	103.00	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 13. (Nikko Securities Europe.)
Nankai Electric Railway	$150	1995	4	100	101.00	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,056 yen per share and at 139.85 yen per dollar. Fees 2¼%. (Nomura Int'l.)
Nichirei	$100	1998	5½	100	98.75	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 11. (Daiwa Europe.)
Sumitomo Coal Mining	$100	1995	4	100	101.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 889 yen per share and at 140.10 yen per dollar. Fees 2¼%. (Daiwa Europe.)
Sumitomo Heavy Industries	$150	1995	4	100	101.75	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 10. (Daiwa Europe.)
Fujisawa Pharmaceutical	DM 150	1996	4½	100	99.25	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 11. (Yamaichi Bank Deutschland.)
Kanaden	DM 50	1995	4	100	101.75	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,917 yen per share and at 80.37 yen per mark. Fees 2¼%. (Daiwa Europe Deutschland.)
Nichirei	DM 130	1996	4½	100	98.13	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at an expected 2½% premium. Fees 2¼%. Terms to be set June 11. (Nikko Bank.)
Okabe	DM 40	1995	4	100	103.75	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,845 yen per share and at 80.45 yen per mark. Fees 2¼%. (Daiwa Europe Deutschland.)
Tokyu Recreation	DM 70	1995	4	100	99.75	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,189 yen per share and at 80.36 yen per mark. Fees 2¼%. (Daiwa Europe Deutschland.)
Torishima Pump	DM 60	1995	4	100	103.50	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,261 yen per share and at 80.21 yen per mark. Fees 2¼%. (Nomura Bank Deutschland.)
Yamazen	DM 140	1996	4½	100	101.00	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,159 yen per share and at 80.41 yen per mark. Fees 2¼%. (Deutsche Bank.)
Yokkaichi Warehouse	DM 120	1995	4	100	—	Noncallable. Each 5,000-mark note with five warrants exercisable into company's shares at 1,128 yen per share and at 80.32 yen per mark. Fees 2¼%. (Nomura Bank Deutschland.)
Stefanel Finance	ITL 70,000	1995	9	100	—	Noncallable. Convertible at 6,350 lire per share, an 11.60% premium. Fees 2½%. (Swiss Bank Corp.)

BUSINESS BRIEFS

U.S. and Japan Set Loan to Peru

LIMA (Combined Dispatches) — The United States and Japan will lend Peru $750 million to cover part of its back debt to international institutions, President Alberto Fujimori said Saturday.

Peru owes $2.1 billion in interest to the International Monetary Fund, the World Bank and the Inter-American Development Bank. If Peru pays $1.3 billion of arrears to the lending agencies, the country would be eligible for new aid from the IMF.

Mr. Fujimori did not specify how much Washington and Tokyo were lending individually, but said the money came with favorable terms such s a grace period for repayment and low interest rates.

The United States and Japan are co-leaders of a support group that aims to obtain a bridge loan for Peru to help it re-enter the international financial community. The country had sharply limited debt payments under the previous government of Alan Garcia Pérez. *(AFP, Reuters)*

China Shuts Ventures in Shenzhen

BEIJING (Reuters) — Chinese authorities recently closed 113 Chinese-foreign joint ventures in the Shenzhen Special Economic Zone bordering Hong Kong, the China Daily reported Sunday.

It said the ventures did not meet working capital requirements set by the zone, which is a booming center of export-oriented industry. The newspaper said some of the ventures made unsaleable products, while others had internal power struggles.

Ford-VW Deal Is Signed in Lisbon

LISBON (AFP) — Ford Motor Co. and Volkswagen AG automakers have initialed an agreement with the Portuguese government to develop a multifunctional vehicle and build an assembly plant here, a source said.

The project, the final contract for which will probably be signed at the end of the month, is estimated at $2.8 billion and is expected to create 5,000 jobs in the Palmela area, about 30 kilometers (19 miles) south of Lisbon. Output is expected to be about 170,000 vehicles a year.

The two automakers are understood to have committed themselves late Friday to produce a single model at the future Palmela plant.

U.S. Court Rules for S&L Chief

LOS ANGELES (AP) — A judge has dismissed 13 of 34 counts of securities fraud against Charles H. Keating Jr., the operator of the failed Lincoln Savings, on a technicality.

On Friday, Superior Court Judge Lance A. Ito also gave defense attorneys a chance in three weeks to again challenge the remaining counts. Those include the heart of the case — that elderly investors were duped at Lincoln branches into buying risky junk bonds issued by Lincoln's parent, American Continental Corp., instead of safe certificates of deposit.

The bonds became worthless when Lincoln was seized in April 1989 and American filed for bankruptcy. Thousands of investors, many of whom had traded insured CDs for the higher-interest junk bonds, lost more than $200 million.

WALL STREET REVIEW

Figures as of close of trading Friday, June 7.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
RJR Nb n	151489	11⅛	9⅞	10⅝	— ⅝
PepsiC s	132982	31½	30⅜	30¾	— ⅜
TelMex n	94818	28⅛	27⅝	27⅞	+ ⅜
Citicorp	79696	17½	16	17¼	+1⅜
PhilMr	79170	68¾	65⅝	66⅝	—2
Limitd	77390	30⅜	28⅛	28¼	—1½
Glaxo	73028	44¼	40⅛	42⅛	+1⅜
IBM	71442	107⅜	101⅜	102	—4⅛
BlockE s	61085	10	8½	9⅜	+ ⅜
GenEl	60816	77⅝	73⅝	74⅛	—3⅛
Syntex s	60309	40⅝	36¾	36⅞	—3½
GnMotr	57722	43⅛	41½	41¾	—1¾
OcciPet	57407	22	20⅝	21¼	+ ½
Goodyr	56724	33⅞	26⅜	33¼	+7
SecPac	56061	29⅜	26⅜	28¼	+1⅞
Pfizer s	55914	58⅜	55	56	—2⅝
Unisys	55074	4⅜	3¾	4⅛	+ ¼
GTE	53881	30	29½	29⅝	— ⅛
Chase	52055	21⅜	19⅝	20⅝	+1¼
AmExp	51734	25⅞	24⅜	24⅝	—1¼
BnkAm	51596	40⅜	38¾	39	— ⅜
BrMySq	51334	80⅞	78¼	78¼	—2½
Upjohn	50875	46¼	44¼	45⅝	
WstgE s	50037	30½	29½	29¾	
duPont	49945	47⅝	46¼	46⅜	— ⅛

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
ENSCO	37240	3¼	2⅞	3¼	+ ¼
ImpOil g	33986	48⅝	46¾	48⅛	+ ⅞
Hasbro	30195	30⅝	29⅛	29⅛	—1½
EchoBy	27860	10⅛	8½	9⅜	+1⅜
TubMex	22372	10⅜	10⅜	10⅜	
ViacB n	20359	29½	28¾	29⅜	— ½
FruitL	18321	16¼	15¼	15¼	— ¼
IvaxCp s	16792	25⅞	20½	24⅞	+4⅜
CtzFst	13835	3½	2½	2⅝	— ¾
MetMB	13718	17½	15½	16	— ⅞
Amdhl	12368	17¼	16⅝	16¼	— ¾
Harken	12130	4⅛	2¾	3⅞	+1¼
PallCp s	10708	40¼	36	37⅛	— ⅞
Hilhov	9879	2⅞	2½	2¾	+ ⅛
WangB	9811	3¾	3⅜	3½	
BAT In	9753	12⅝	11¾	11¾	+ ⅛
BergBr	8194	27⅜	26⅞	26⅝	— ⅜
A-dd sc s	8074	12⅛	11¼	11⅜	— ½
Diasonc	7904	4½	4	4½	+ ⅜
GoVide	7029	1⅞	1⅜	1⅝	
FAusPr	6884	10	9⅝	9⅞	— ¼
A-ge sc	6776	12⅛	10	10⅜	—1⅜
Kirby	6711	12⅛	10⅞	11¼	+ ¼
vlCntlAr	6673	2⅜	2	2¼	
Nabors	6564	6⅞	6⅛	6⅛	— ½

NYSE Sales

	Sales Vol.
Total for week	879,248,760
Week ago	817,290,000
Year ago	175,520,000
Two years ago	163,470,000
Jan 1 to date	20,356,340,000
1990 to date	17,473,140,000
1989 to date	18,939,170,000

AMEX Sales

	Sales Vol.
Total for week	69,860,000
Week ago	48,580,000
Year ago	12,700,000
Jan 1 to date	1,449,590,000
1990 to date	1,577,900,000

NYSE Diaries

	This Wk	Last Wk
Advanced	828	1443
Declined	1124	464
Unchanged	289	313
Total Issues	2241	2220
New Highs	203	274
New Lows	26	22

AMEX Diaries

	This Wk	Last Wk
Advanced	370	452
Declined	427	308
Unchanged	179	199
Total Issues	976	959
New Highs	69	64
New Lows	19	18

Job Numbers Tie Fed's Hands

But Experts Split Over Whether Data Herald Recovery

By H.J. Maidenberg
New York Times Service

NEW YORK — Although economists *differ* over the *significance* of the pickup in U.S. nonfarm employment in May, credit market experts agree that it reduces the chances of any further easing of interest rates by the Federal Reserve in the foreseeable future.

Long-term rates climbed Friday and bond prices fell after the Labor Department reported that 59,000 payroll jobs had been created in May, the first time since June 1990 that jobs had risen.

Although this was generally taken as another sign that economic recovery was in sight, some Wall Street credit market experts disagreed. One prominent gainsayer was Philip Braverman, senior vice president and chief economist at DKB Securities Inc., the U.S. arm of Dai-Ichi Kangyo Bank.

"Some people obviously misinterpreted the numbers," Mr. Braverman said. "Not only is the recession far from coming to an end, but we believe things will get even worse in the third quarter. At that time we expect long-term Treasury paper to look very attractive to investors."

What prompted Mr. Braverman's dour assessment was the belief that May's modest payroll increase was weather-related.

"May was the hottest month on record and this caused retail sales to spurt, particularly at the chain stores," he said. "This factor, together with increased demand for air-conditioners and other summer goods, led to the modest rise in manufacturing jobs last month."

"But the fact remains," he added, "that the household employ-

U.S. CREDIT MARKETS

ment survey, which counts many self-employed people, showed a further loss of 805,000 positions in May. This means that many more small businesses went under last month."

The other part of the employment report, based on the household survey, showed that the overall U.S. unemployment rate rose to 6.9 percent in May from 6.6 percent in April.

Soon after trading began Friday, the yield on the Treasury's bellwether long bonds, the 8⅛ percent issue maturing in May 2021, climbed to 8.5 percent, the highest level since November, from 8.42 percent the day before.

Late in the session, long bonds were being offered at 96 9/32, down 17/32 on the day. This caused the yield to rise to 8.47 percent, up from 8.26 percent a week ago.

"By *midday, the rise in* yields began attracting good retail buying, which in turn caused some short-covering," said William V. Sullivan Jr., senior vice president at Dean Witter Reynolds. "But the buying by the shorts wasn't sufficient to prevent prices from tumbling once again toward evening."

The relatively limited amount of short-covering indicated that many portfolio managers and other traders who had sold Treasury *securities short still harbored doubts that* an economic recovery was at hand, Mr. Sullivan said.

"Given the attractiveness of current Treasury yields, when compared with other blue-chip investments, investors also bought both short and long notes," Mr. Sullivan added.

Still, while the price of the new two-year Treasury notes was quoted at a yield of 6.98 percent late in the day, it was well above the 6.68 percent of a week ago. Similarly, the yield on the new five-year notes jumped to 7.94 percent, from 7.69 percent a week ago.

The federal funds rate that banks charge each other for brief loans was soft Friday. After trading as low as 5¼ percent, the funds rate closed at 5⅜ percent.

The discount rates on the shorter Treasury bills, which are the most sensitive to the funds rate or to any Fed easing or tightening of credit, showed little change.

EXPORT:

Soviet Bank Plan

(Continued from first finance page)

not sure whether Mr. Gorbachev shared his views.

In Halle, Germany, Britain's foreign secretary, Douglas Hurd, dampened German hopes when he said on Sunday that the Soviet Union would not receive any pledge of aid from the London *summit meeting. Reuters reported.*

After talks with Foreign Minister Hans-Dietrich Genscher, Mr. Hurd said at a joint news conference: "No one is expecting that from that meeting will come a promise of help."

He added that what the London meeting could achieve was "procedure, processes and examination on a new basis of the plans and need for help of the Soviet Union."

But German government sources said on Friday that Bonn would continue lobbying its partners to discuss coordinated financial aid or Moscow at the G-7 summit *meeting.*

Polish Cellular Contract Goes to U.S.-French Team

International Herald Tribune

NEW YORK — Poland's state telephone service has selected a Franco-American consortium as its partner in a joint venture to build and operate a nationwide cellular communications system, the largest cellular contract awarded so far in Eastern Europe.

Ameritech, one of seven regional "Baby Bell" companies in the United States, announced it had been selected with France Telecom and will share work and revenue equally in the design and operation of the system, which has been estimated to cost as much as $150 million.

Ameritech supplies local telephone service in the U.S. Midwest. France Telecom is state-owned.

Eastern European countries have opted for cellular systems because they offer business updated communications infrastructure quickly.

Poland has also awarded a $145 million contract to American Telephone & Telegraph to expand and modernize its antiquated conventional telephone system, increasing the number of telephones to as many as 12 million by the year 2000 from the present 3.3 million.

Time Warner Faces Stockholders' Anger

New York Times Service

NEW YORK — Time Warner Inc. will have to work to calm angry, confused investors after the company's plan for a $3 billion rights offering went down badly with stockholders, analysts and company officials have said.

Time Warner's stock plummeted Friday for the third day in a row. The shares lost nearly 20 percent of their value in the three days after word leaked out about the company's decision to make the offering, which like other rights issues would require stockholders to buy more shares or see their holdings diluted.

The stock closed Friday at $94.265, down $4.875 on the day.

Institutions hold about 67 percent of Time Warner's stock.

Echoing the views of several other stockholders, Ezra Merkin of Aerial Capital expressed disappointment that investment bankers in the deal would together receive between $42 million and $145 million. The bankers are Salomon *Brothers, Merrill Lynch,* Wasserstein Perella, Furman Selz, Lazard Freres, Wertheim Schroder, Lehman Brothers, and Bear Stearns.

"I think this is a corporate management at its worst and Wall Street at its worst," Mr. Merkin said.

He added: "A year and a half ago, management told shareholders to be patient. Management and advisers were paid. Time shareholders were not. *Now management* is again asking shareholders to be patient."

He referred to the advocacy by Time's and Warner's managements of the 1989 merger of the two media giants, a deal that blocked a $180-a-share takeover offer for Time from Paramount Communications Inc. The merged company incurred $11 billion in debt.

A person close to the company said some Time Warner executives had been "shell-shocked" by the investor reaction and there had been some finger pointing between the bankers and the company.

In a telephone interview Friday, Steven J. Ross, chairman of Time Warner, said that Wall Street simply did not understand.

"*It is an unbelievable deal for* shareholders, if someone does the math," he said. "They have the opportunity to increase their holdings at a reduced price."

U.K. Recession Cools Prices, Wages

Reuters

LONDON — Price and earnings figures to be released this week are expected to show Britain's deep recession has delivered at least one encouraging result, lower inflation.

But the data also is expected to show that lower inflation has been achieved at a cost — rising unemployment.

As more economists predict that Britain's economic recovery may be delayed, the inflation figures may come as some solace.

The figures are expected to show that the increase in prices for both manufacturers and consumers slowed in May. More important, average earnings for Britons may show a stabilization or even a decline as evidence mounts of a drop in the level of pay settlements.

If pay settlements drop and stay down, Britain could see the first sustained fall in average earnings in more than a decade.

Throughout the 1980s, increases in average earnings remained high despite a brief interlude after the 1979-1981 recession, government statistics show.

Analysts said it was too early to say whether the era of inflationary pay deals was over, but a survey released last Thursday by the independent Incomes Data Services pointed to a clear downward trend.

Income Data Services said employers, helped by a drop in retail price inflation, were expected to award increases of between 6 and 7 percent during the next two months, down a full percentage point from the start of the year.

May producer price data, to be released on Tuesday, are expected to show that manufactured goods output prices rose only 0.4 percent compared with a 1.2 percent increase in April.

Retail price data, due Friday, are expected to show retail prices rose 0.4 percent in May compared with 1.3 percent in April.

Labor market data, to be released Thursday, are expected to show that average earnings, adjusted for bonuses and back pay, rose by 9 percent in the year to *April, unchanged from March.*

But Thursday's figures are also expected to include more bad news on employment.

May figures are forecast to show that the recession has caused a further 84,600 people to lose their jobs.

Euromarts At a Glance

Eurobond Yields

	June 5	May 29
U.S. $, 8 yrs & over	8.82	8.82
U.S. $, 5 to 7 yrs	8.35	8.37
U.S. $, less than 5 yrs	7.73	7.46
Pounds sterling, less than 5 yrs	11.53	11.52
French francs, less than 5 yrs	9.32	9.25
Ital. lire, less than 5 yrs	11.59	11.48
Danish kroner, less than 5 yrs	9.79	9.72
ECU, 8 yrs & over	9.02	8.97
ECU, 5 to 7 yrs	9.81	8.99
Can. $, less than 5 yrs	10.29	10.21
Aus. $, less than 5 yrs	11.42	11.44
N.Z. $, less than 5 yrs	10.69	11.80
Yen, 5 to 7 yrs	7.05	7.08
Yen, less than 5 yrs	7.25	7.31

Source: Luxembourg Stock Exchange.

Weekly Sales

June 6

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	487.80	615.50	1,180.30	1,408.70
Convert.	0.10	17.40	29.90	42.80
FRNs	—	51.40	220.00	328.10
ECP	4,242.40	2,373.50	9,211.40	2,732.10
Total	4,730.30	3,057.80	10,641.60	4,495.70

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	7,413.00	16,908.50	14,338.50	17,770.50
Convert.	136.00	439.30	534.30	326.60
FRNs	3,497.50	2,258.80	4,171.40	2,821.10
ECP	4,946.90	4,515.90	3,865.70	4,414.40
Total	15,995.40	24,152.50	22,901.90	25,332.60

Source: Euroclear, Cedel.

Libor Rates

June 7

	1-month	3-month	6-month
U.S. $	6⅛	6⅛	6⅜
Deutsche mark	8 15/16	9 1/16	9⅛
Pound sterling	11⅛	11 5/16	11⅜
French franc	9 11/16	9 9/16	9 9/16
ECU	10⅛	10	10
Yen	7⅞	7¾	7⅝

Sources: Lloyds Bank, Reuters.

U.S. Consumer Rates

June 7

Tax Exempt Bonds	
Bond Buyer 20-Bond Index	7.22 %
Money Market Funds	
Donoghue's 7-Day Average	5.51 %
Bank Money Market Accounts	
Bank Rate Monitor Index	5.19 %
Home Mortgage, FHLB average	9.48 %

Source : New York Times Service, UPI.

U.S. Treasury Bonds

June 7

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
31.05.93	99 18/32	99 20/32	6.99	6.70
15.05.94	98 30/32	99	7.41	7.08
31.05.96	98 22/32	98 24/32	7.95	7.70
15.04.98	98 15/32	98 17/32	8.17	7.92
15.05.01	98 4/32	98 6/32	8.28	8.06
15.02.06	107 15/32	107 17/32	8.48	8.26
15.08.20	96 4/32	96 8/32	8.48	8.27

Source: Solomon Inc.

CITY OF CHICAGO

DEPARTMENT OF PURCHASES, CONTRACTS AND SUPPLIES

Sealed Qualifications will be received by the City of Chicago on the date and time (Chicago Time) listed below in Room 401, City Hall, 121 North LaSalle Street, Chicago, Illinois for the following requirement:

DESCRIPTION: Request for Qualifications to Design and Construct a new sophisticated 9-1-1 Emergency Communications Center for the City of Chicago.

SPECIFICATION NO.: C968-91-0089

DEPOSIT: NONE

PRE-SUBMITTAL CONFERENCE: Monday, June 24, 1991, 10:00 a.m., Chicago Mercantile Exchange, Upper Trading Floor, 7th Floor, 30 South Wacker Drive, Chicago, IL 60606.

QUALIFICATIONS RECEIPT DATE: Monday, July 22, 1991.

TIME: 4:00 p.m.

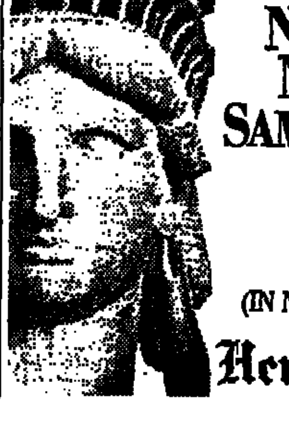
The City of Chicago is requesting qualifications through this solicitation which will eventuate in a 3-step, multi-party developmental proposal to produce a preliminary design from which a contract will be issued to design, construct, start-up, cut-over and warranty a new, sophisticated 9-1-1 Emergency Communications System and Facility.

Any qualification submitted which is not properly signed will be considered non-responsive and the submittal will be disqualified from consideration. Any late submittal received after the announced date and time for the opening of submittals will not be accepted.

Qualifications must be submitted on documents provided by the City of Chicago which are available in the Department of Purchases, Bid and Bond room, Room 401, City Hall, Chicago, Illinois, 312-744-9773.

The Purchasing Agent reserves the right to reject any or all qualifications if deemed in the best interest of the City of Chicago.

RICHARD M. DALEY, MAYOR — ALEXANDER GRZYB, ACTING PURCHASING AGENT



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International Herald Tribune

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, June 7.

A

	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A&W Bd	.10e	.3	3122	37	34¼	35¾	+1½
ABS	.32	5.3	330	6¼	5¾	6	
ACC Cp	.16	1.4	2538	12	11	11¼	+ ¼
ADC			6883	43¼	39¾	42½	+1
ADT	†		19280	13⅜	12⅞	13	— ⅛
AEL			275	7	6⅝	6¾	— ⅛
AEP			320	14¼	12½	13¾	— ¼
ASK			4599	8¾	7¾	8⅜	+ ½
AST s			28453	24½	22¼	22¾	— ⅝
AcmRt	.10	1.2	1342	8½	8¼	8¼	+ ⅛
AbingB			41	4½	4¼	4¼	— ⅜
Abrams	.20	5.9	2	3⅜	3⅜	3⅜	+ ⅜
Accel	.24	2.5	87	10¼	9¼	9¾	— ½
Actolm			4321	4	3½	3¾	+ ⅞
Aceto	.28	2.2	73	13	11¾	12½	
Acmt g			420	7⅝	6⅝	7⅝	+ ⅝
AcmeSt			174	14¼	13½	13½	
ActARt			1708	1⅛	1	1⅛	+ ⅛
Acxiom			2009	13¼	10½	12¼	+ ½
AdacLb			1581	2⅝	1⅝	2	— ¼
Adage			573	1⅝	1⅜	1⅜	— ⅛
Adapt			4508	13⅛	12⅛	12½	—1⅛
Adingt s			987	7⅜	7	7	— ⅜
AdiaSv	.16	.8	31	20¼	20¼	20¼	
AdobeS	.32	.7	13090	51¼	47¾	48¾	—2¼
Adtec			109	2¼	2¼	2¼	
AdvRos			7	9½	8½	9½	+ ½
AdvCir s			1622	9⅝	8⅝	9	— ⅝
AdvLog			4490	13½	12	12¼	— ¾
AdvMag			106	22½	19¾	22½	+1½
AdMkSv			263	2⅝	2½	2⅝	+ ⅛
AdvPoly			2907	4¾	3¾	4¾	
AdvSem			41	4¾	4	4¾	— ⅛
AdvTel			1854	23¾	22	23¼	+ ⅞
Advanto	.20	.9	2688	22½	18¾	22½	+3⅜
AdvoSy			2760	22¼	21½	21¾	+ ¼
Aegon	3.20e	5.3	206	61½	60	60⅝	—1½
Aequitrn			5623	3⅞	3	3⅞	+ ⅞
AerSysl			121	½	⅞	⅞	
Aerovx			4561	8¼	6½	7⅝	+ ⅞
AflBcCp			56	⅝	⅜	⅝	
AflBsh	.08e	.4	3420	18⅝	17¾	18¼	+ ¼
AgncyR	.48f	7.6	5130	9¾	8⅛	9	— ½
Agnico g	.20	3.8	2577	5⅛	4⅝	5¼	+ ⅜
Agourn			660	15	12½	14	— ½
Ahold			110	41⅝	40⅜	40⅝	—1¼
Alcorp			455	8	7½	7½	— ¼
AirMd			1958	9⅛	8⅝	9⅛	+ ½
AirWisc			4983	10⅞	8⅝	10	+ ⅝
Airtran	.20	2.2	895	9⅛	8⅜	9⅛	+ ⅜
Akorn	.07	2.7	585	2⅞	2⅝	2⅝	— ⅛
Akzo	1.45e	5.0	2087	29⅛	28⅛	28¾	— ½
Alaten	1.10	7.0	166	16¼	15⅝	15¾	— ½
Aldus			18688	52⅛	42¾	45½	—6½
AlexBr	.28	1.8	3057	17⅝	15	15½	—2¼
AlexBld	.88	3.5	4432	26	24¼	24⅝	—1⅝
AlfaCp	.44	3.9	788	11⅝	10⅝	11¼	
AliasR			2015	26¼	24¾	26	+ ¾
Alico	.15	.7	168	22	20⅞	20⅞	—1½
AllAm s			17	1⅞	1⅝	1⅝	+ ⅛
AllCity			13	6	5⅝	5⅝	+ ⅝
AlegW			944	6¼	5⅝	5⅝	— ⅝
AllenPh			1675	13⅝	12¾	13⅜	+ ⅜
Allant h			2541	1⅛	¾	1	+ ⅛
AlldBk	.32	4.7	5	6¾	6¾	6¾	
AlldCap	1.29e	7.4	745	17½	16¾	17⅜	+ ⅝
AldCall	1.00e	5.9	793	17	16¾	17	
AlldCl			2506	24¼	22½	22¼	— ¼
AlldGp	.56	3.2	356	18	17½	17¾	
AlldRsh			3628	13¼	11¼	12⅝	+ ⅜
AloyCal			277	½	⅜	⅜	
AlstFn			985	9½	8¾	9	— ¼
Alwst			8487	5	4½	5	+ ⅛
Aloette	.32	2.6	373	12¼	11	12¼	+1
AlpMic			128	2⅜	2¼	2⅜	— ⅜
Alphari			5755	2⅝	2	2⅜	+ ⅛
AlpLce			562	7¼	6¾	7	— ¼
AltaGld	.06e	5.1	5241	1⅝	1	1⅛	+ ⅛
AltaHlt			837	14	12⅞	13¾	+ ½
Altai			10	1⅞	1⅝	1⅝	— ⅛
Altera			7375	18⅞	16¼	16¾	+ ⅛
Altron			347	5¾	4½	5	+ ⅜
Amvest			1456	2⅝	2⅜	2⅜	— ⅝
AmcorF	.56	3.7	189	15¼	14¾	15	
Amrlon	.56	4.9	72	11¾	11¼	11½	+ ¼
Amerbc			14	2⅜	2¼	2¼	+ ⅛
AFFMf2	2.01e	30.3	664	6⅝	6¼	6⅝	— ⅛
AFFF	1.50	7.6	1118	20¼	19¾	19¾	— ½
AmFPr	1.30	11.1	206	12	11¼	11¾	+ ½
AFTxE	1.08	11.0	445	9⅞	9⅜	9⅞	
AFTxE2	1.28	13.7	155	9⅜	9¼	9⅜	
AWAirl			9750	6½	4⅝	5	—1½
AmBcp	1.00e	5.6	1	18	18	18	—2⅜
ABnkr	.60	3.9	2987	15¼	14⅞	15¼	+ ⅜
AmCity			24	18½	17¾	17¾	— ¾
AClam s			87	6⅜	6½	6½	
AColoid	.44	5.0	59	9½	8½	8¾	— ¾
AConsu			300	3⅝	3⅛	3⅝	— ⅜
AmEcol			1266	13½	10⅜	12¾	+ ¼
AFSvDu			26	5⅝	5¼	5¼	— ¼
AFilm			1919	5⅝	5⅛	5⅜	— ⅛
AFlitrn	.90	4.0	126	22⅝	21¾	22⅝	+ ⅞
AGreet	.70	1.9	6808	39⅞	37	37	—2⅝
AHltSv			1688	1⅛	1	1	
AIndF	.08	1.2	157	6⅝	6¼	6⅝	+ ⅜
AmInfo			505	4⅜	4½	4½	
AmLck			1	2⅜	2⅜	2⅜	
AMS			3484	27⅞	25½	25¾	—1⅛
AMedE s			8545	13⅝	12¼	12¼	— ¼
ANtIns	1.72	5.8	346	34⅞	34	34½	— ⅛
ANuclC			91	2⅜	1⅞	1¾	— ¼
AmNurs			218	1⅝	1½	1½	
AmPac			457	12⅞	12¼	12½	— ¼
APhyG			387	1⅞	1½	1½	— ⅛
APwCv s			8494	23¼	20¾	22¾	+2
ARepBc			10	6	6	6	— ¼
ASoft s	.24	1.7	12871	14⅜	12	14¼	+2
AmStl			68	2⅜	1⅝	1⅝	
ATvCm			4188	43½	39¾	40¾	—1¼
ATrav s			1610	13¼	11¾	12¼	—1
AVang			5	5⅞	5⅞	5⅞	
AWood			121	4	3⅝	4	
AmAll	.21e	4.6	454	4⅝	4⅜	4⅝	
Ameritr	.64	3.1	20736	21⅜	19⅛	20⅝	— ½

(Continued on next page)

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

Due to the strength of Royal Dutch, the Amsterdam stock market reached a 1991 high last week, with the CBS all share index at 203.1 on Wednesday. But stocks then eased back following hesitation on Wall Street. The week closed with the index at 200.9, down from 201.7 the previous week.

Volume was moderate and turnover reached 5.4 billion guilders ($2.7 billion), of which 2.8 billion was in equities. A week earlier, it totaled 6.7 billion guilders with 2.7 billion in equities.

Frankfurt

Frankfurt stocks marked time as the DAX spot trend indicator closed at 1,709.64 points, up by 0.32 percent, or 5.53 points, from the previous Friday.

But the Commerzbank index declined by 9.40 points on the week to finish at 2,025.80 points.

Volume on the eight German stock exchanges totaled 41.73 billion Deutsche marks ($23 billion) for the week, down slightly from 44.30 billion DM the previous week.

Hong Kong

Share prices on the Hong Kong exchange dropped marginally in lackluster trading during the week, with the Hang Seng Index shedding 69.24 points, or 1.8 percent, to close on Friday at 3,637.77.

Average daily turnover fell to 1.01 billion Hong Kong dollars ($130 million) from the previous week's 1.3 billion Hong Kong dollars.

The key barometer fell 18.87 points Monday amid continuing concerns over whether China would win unconditional renewal from the United States of most favored nation trading status.

London

Share prices on the London stock exchange finished slightly ahead after another week of subdued trading.

With the Labor Party consolidating its lead in polls and gloomy car sales and manufacturing investment figures giving no hint of an end to the recession, political and economic uncertainties are expected to dominate the market in coming months.

The FT-SE 100 share index gained 6.8 points on the week to 2,506.3. The FT-30 index lost two to 1,955.2.

Milan

Milan stocks hit a year's high on Monday, but then suffered through four straight losing sessions as investors took profits, operators said.

The MIB index hit the year's high to date on Monday at 1,205, but then fell back to close on Friday at 1,184, off 0.25 percent on the week. Volume was higher at 220 billion lire ($168.6 million) a day, against 193 billion lire the previous week.

Paris

The Paris Bourse dipped by 0.5 percent on the week, as the CAC-40 stock price index finished at 1,852.51, against 1,861.78 the previous Friday.

Operators said the market could get no clear lead in view of conflicting economic and financial developments.

The Bourse, which pays close attention to the U.S. economy because of its importance to French exporters, was pleased when Alan Greenspan, chairman of the U.S. Federal Reserve Board, gave an upbeat assessment of American economic prospects and was pleased with the news that the U.S. economy created 59,000 jobs in May.

Singapore

The Singapore stock exchange saw erratic trading, opening on a positive note that boosted the market barometer to the year's highest level but then falling on news of weaker performances on overseas markets.

The Straits Times industrial index slipped four points to end the week at 1,550.18, while the Stock Exchange of Singapore all-share index dipped only 0.62 points to 418.66.

Tokyo

Share prices fell in thin trading on the Tokyo Stock Exchange, with the 225-issue Nikkei Stock Average suffering a 754.51 point, or 2.9 percent, weekly loss.

The broader-based Tokyo Stock Price Index of all issues in the major first section ended the week 42.28 points lower at 1,922.49.

Average daily turnover shrank from 343.8 million shares to 259.1 million, while the average daily value of shares traded in the week dropped from 400.8 billion yen to 329.1 billion yen.

Zurich

The Zurich stock market suffered a mediocre week, as the Swiss Performance Index closed at 1,120.8 points, against 1,123.4 the previous Friday.

The Crédit Suisse index dipped from 552.1 to 549.4, and the Swiss Bank Corp. indicator from 638 to 633.3 points.

New Australian Aide Seeks to Calm Markets

Compiled by Our Staff From Dispatches

CANBERRA — The new deputy prime minister, Brian Howe, attempted Sunday to calm nervous Australian financial markets, saying the government still had a strong team of economic managers and a disciplined approach to expenditure.

The Australian dollar fell below 75 U.S. cents and local financial markets slumped last week after Treasurer Paul Keating resigned following his unsuccessful challenge to Prime Minister Bob Hawke.

The markets were spooked by fears that the appointment of John Kerin to the treasurer's post, and that of Mr. Howe to replace Mr. Keating as deputy prime minister, would signal a change in economic policy, particularly in the fight against inflation.

However, Mr. Howe said in a televised interview Sunday that the government would "maintain tight discipline over expenditure."

He said there was "no reason at all" for the nervousness that had shaken financial markets." *(AFP, Reuters)*

U.S. and Japan Revise Supercomputer Curbs

New York Times Service

WASHINGTON — The Bush administration has announced that the United States and Japan will revise their export controls on supercomputers to discourage the spread of nuclear weapons in the Third World but will ease controls on sales to Western Europe.

The informal agreement, announced Friday, is another move by the United States to create new security arrangements to address the strength of regional powers as well as any long-term strategic threat from the Soviet Union.

The main instrument for American-led export controls for many years has been the Coordinating Committee for Multilateral Export Controls. This is a 17-member organization that drafts rules to limit the shipment of high-technology products to the former Soviet bloc and Communist countries.

The United States and Japan are the world's only two major producers of high-speed mainframe supercomputers. They had agreed in 1984 to consult with each other before exporting supercomputers to reduce the risk that the Soviet Union would obtain the machines.

The export restrictions agreed upon in 1984 were applicable to all other countries, including the nations of Western Europe. The changes agreed upon in talks that ended Thursday in Tokyo created two broad categories of countries.

Most Western allies will now be able to import supercomputers with less delay and fewer controls, said James M. LeMunyon, the deputy assistant secretary of Commerce for export administration.

Japan Insurers Post Declines

Agence France-Presse

TOKYO — Six of Japan's major life insurance firms have announced declines in their premium income in the year to March, while all eight companies suffered from declining yields on investments.

The insurance firms, among the world's biggest financial institutions and institutional investors, reported an average 3 percent decline in premium income. Annual yields were down by around 0.60 percent from the previous year although assets grew by an average of more than 10 percent.

Only the two biggest companies — Nippon Life Insurance Co. and Dai-Ichi Mutual Life Insurance Co. — announced higher income from premiums, although the increases were less than 2 percent for both firms.

The rest — Sumitomo Life Insurance Co., Meiji Mutual Life Insurance Co., Asahi Mutual Life Insurance Co., Mitsui Life Insurance Co., Yasuda Life Insurance Co. and Chiyoda Life Insurance Co. — suffered declines ranging from 1.4 percent to 18.9 percent.

Nippon Life's premium income grew 1.3 percent to 5,118 billion yen ($36.7 billion) while assets grew 10.3 percent to 27,441 billion yen, the smallest increase of all the firms. Its net yield on investments declined from an annual rate of 6.84 percent to 6.43 percent.

Japanese life insurance firms reported drops in premium income.

Dai-Ichi Mutual's income from premiums advanced 1.4 percent to 3,692 billion yen. Assets grew 10.5 percent to 19,185 billion yen while its yield on investments dropped from 6.71 percent to 6.18 percent.

Sumitomo said its income was down 4 percent at 3,223 billion yen although assets grew 11.3 percent to 16,546 billion yen. Its yield fell from 6.80 percent to 6.07 percent.

Meiju Mutual's income dropped 7.6 percent to 2,365 billion yen. Assets expanded 12 percent to 11,301 billion yen while its yield dropped one percent from 7.3 percent to 6.3 percent, the sharpest decline among all eight companies.

Asahi Mutual said its income fell 1.2 percent to 1,775 billion yen while assets grew 10.8 percent to 8,816 billion yen. Net yield fell from 7.5 percent to 6.77 percent.

Mitsui's income dropped 6.7 percent to 1,491 billion yen. Assets expanded 12.4 percent to 7,082 billion yen while its yield fell from 7.01 percent to 6.42 percent.

Yasuda said its income dropped 4.8 percent to 1,405 billion yen with assets climbing 13.7 percent to 6,163 billion yen. Its net yield fell from 7.07 percent to 6.49 percent.

Chiyoda's premium income plunged 18.9 percent to 1,015 billion yen, the sharpest fall of all eight firms. The company also posted the sharpest increase in assets, which jumped 14.1 percent to 5,154 billion yen. Its net yield fell from 7.28 percent to 7.01 percent.

Seoul Expects China Trade to Soar

Reuters

SEOUL — South Korea's trade with its former archenemy China is expected to jump to about $5 billion this year from $3.8 billion last year, officials in Seoul said Sunday.

They also said the newly opened Chinese trade representative office in Seoul was to start issuing visas for South Koreans on Monday.

"Our businessmen will no longer have to go to Japan or Hong Kong to get visas to enter China," said an official at the state-run Korea Trade Promotion Corp.

"Consultations between companies of the two nations will increase further and we expect bilateral trade to reach about $5 billion this year," the official said.

China and South Korea have no diplomatic ties, but earlier this year they swapped trade offices, with limited consular functions.

China, an ally of communist North Korea, has hesitated on diplomatic ties with the South for fear of offending the North.

South Korean Currency Laws To Ease

Reuters

SEOUL — South Korea will relax foreign currency exchange restrictions, Finance Ministry officials said. No date was given.

Domestic companies with annual overseas earned revenue exceeding $10 million will be allowed to deposit up to 10 percent of the income, up to $100 million, in foreign currencies in local and foreign banks here.

Those firms will not be required to show a need for foreign exchange.

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, June 7.

Option & price		Calls			Puts		
		Jun	Jul	Jul	Jun	Jul	Jul
AirbFr	25	r	1 9-16	r	r	r	r
Alcoa	65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Call Vol 240,282 Call Open Int 3,208,301
Total Put Vol 200,888 Put Open Int 1,822,224
r—Not traded. s—No option offered. o—Old.
Last is premium (purchase price).

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, June 7.

Option & price		Calls			Puts		
		Jun	Jul	Jul	Jun	Jul	Jul
A M R	60	r	6½	r	r	r	r
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Call Vol 64,551 Call Open Int 1,733,577
Total Put Vol 48,329 Put Open Int 854,257
r—Not traded. s—No option offered. o—Old.
Last is premium (purchase price).

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, June 7.

(Continued)

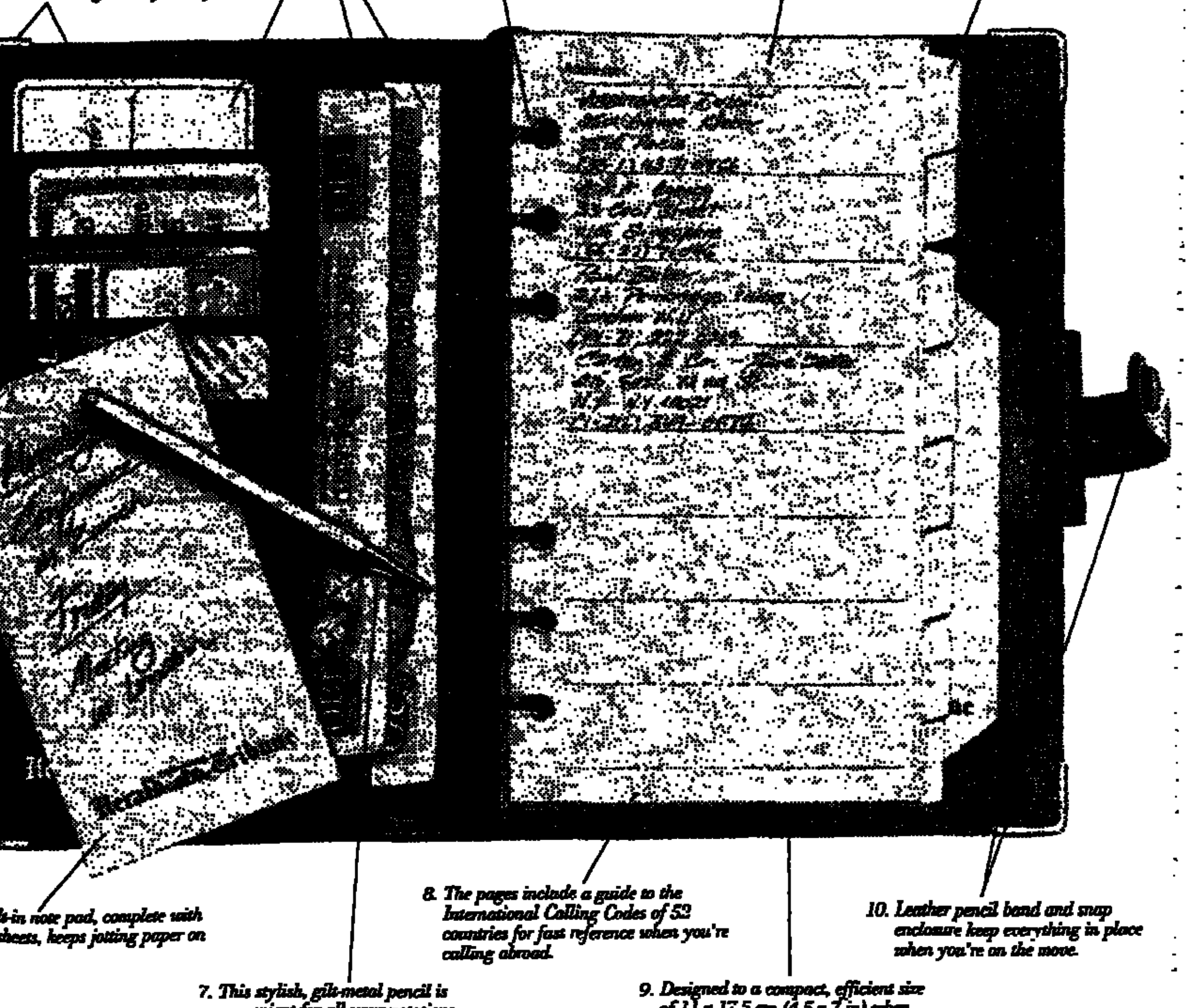
	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
ValNtl			3811	26½	23⅞	25⅝	+1
ValliCor	.05e	.8	290	6⅛	5⅝	6	+ ¼
Valmnt	.26	1.7	1185	16¼	15⅜	15⅜	
ValHlth			11355	20	15⅜	16	—3⅜
ValLn	.60	2.6	6	23½	23½	23½	
ValMer			6494	19	17¾	18⅞	+ ⅞
VardCl s			3340	22¼	20¾	21¾	
VREF II	.40a	7.5	139	8¾	8	8	
VREF I	.69e	8.5	359	8½	8⅛	8⅛	
VariCre	.04	1.0	8	4⅛	3¾	4⅛	+ ⅛
Varitrn			518	8⅞	7⅞	8⅛	— ½
Varlen	.60	4.4	1106	13⅞	13½	13¾	— ¼
VeloBd			1104	8⅞	7⅜	8⅛	+ ⅜
Vencor			5415	39	35½	35⅞	—2⅞
Ventrex			466	1	⅞	⅞	— ⅛
VenCtv			109	7⅛	5⅞	7	+ ⅞
Vertine			11543	19⅞	17¾	18	— ¾
VtFin	.60	6.2	232	10¼	9	9⅝	+ ⅜
Versa	.24	1.7	158	14½	13¾	13¾	— ¾
Vestar			1654	8¾	8¼	8¼	— ⅜
VertexC			556	10	9	9¾	+ ¾
Vicor			2815	41¾	39	39	—1¾
Vicorp			5820	31½	29⅝	30	
VictBn			21	11	10¼	10¾	+ ¾
VictCr			14	1	1	1	
Videcrt			76804	12	9½	10⅞	+ ⅞
VidDsp			93	5⅞	5¼	5¾	— ¼
Vidmrk			689	4½	4	4⅛	+ ⅛
Vie deFr			1378	2	1⅞	1⅞	+ ⅛
Viking			2022	19¾	17	18⅝	+1⅜
VillFinl	.05e	.4	478	12¼	11½	11⅞	— ⅜
VllSoM	.15	1.7	882	9½	8¼	8⅝	+ ⅜
Virgtek			497	6¼	5⅜	5⅝	— ⅛
VaBch	.16	5.3	1194	3	2⅞	3	
VitalSgn			1472	18¾	17¼	17¼	—1
Vitalnk			2139	10½	10⅛	10½	+ ⅛
Vivigen			1159	20¼	17¼	19½	+1¼
Voltlnf			592	11	9	10	— ¼
Volvo	2.16e	4.0	1985	6⅝	53½	53½	—2

W	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
WD 40	1.72	5.5	190	31½	30	31	— ¼
WLR Fd	.32	1.7	747	19	18	18⅝	— ⅜
WPP Gp	1.11e	21.7	2760	5⅝	4⅞	5⅛	— ⅜
WSMP			10	4⅛	3½	4⅛	
vlWTD			723	1⅜	1	1⅛	— ⅛
WalnBk			7	5⅛	5	5	— ¼
Walbro			316	11½	10¼	11½	+ ⅛
Walshr	.20	1.7	68	12	11½	12	+ ¼
WrhseC			150	1⅞	⅞	1⅛	+ ⅛
Warntc s			1186	3	2⅝	2⅝	— ⅜
Warren			167	2⅛	1⅞	2⅛	
WshBcp			294	3½	2⅞	3⅛	— ⅛
WashEn	1.40	6.3	1230	22¾	22	22⅛	— ⅜
WFSL	1.04	3.3	2012	33¾	30¾	31½	—1½
WshFDC			110	1	⅞	1	
WshFOr	.30	1.8	616	16¾	16¼	16¼	
WMSB	.52	2.2	4236	24	23⅛	23⅝	— ½
WMSB pf	3.75	7.9	123	48½	47½	47½	— ½
WshScl	.20	4.0	112	5½	5	5	
WattdW			2267	5⅞	5	5½	
Watrins s			65	7	6	7	
Watrin	.08e	2.8	19	2⅞	2⅞	2⅞	
Wattsind	.24	.5	1240	50½	47⅛	50½	+2¼
WausP s	.60	1.1	2799	57½	53⅞	56	
Waver	.40	2.4	89	17	16¼	16⅝	— ⅜
Wavetk			2354	3	2⅜	2⅝	+ ⅛
WesiFn	.52	6.1	109	8⅝	8½	8⅝	— ⅛
Wegenr			57	1⅝	1	1⅝	+
WeloTr	.40	2.6	36	15½	14½	15½	+ ¼
Weltek			4645	12½	10½	11¼	—1¼
Wellgtn	.20	3.5	6	5⅝	5⅝	5⅝	
Werner	.12	.5	540	23½	22½	22½	— ⅜
Wesbnc	1.30	4.6	22	30	28½	28½	— ½
WstCst			340	2⅛	1½	2	+ ⅛
WtMass	.28	5.1	83	5½	5	5½	— ¼
WNewtn	.16	2.9	708	5⅝	4⅝	5½	+ ⅞
WstOne	.96	2.8	2738	34½	32	34½	+2
Wstcot			1058	7⅝	6⅝	7⅝	+ ⅜
WtBank			291	16	14½	15½	+ ⅜
WstCap			1224	3⅛	2⅝	3⅛	+ ⅜
WFdPR	.80a	6.2	1	13	13	13	
WnFncl			10	2½	2½	2½	
WMicTc			88	3	2½	2½	— ½
WstnPb			2402	14⅝	13⅝	14	— ¼
Wstmrk			1895	44	43¼	43½	
WmorC	.32a	1.7	239	20¼	18½	18¾	—1⅜
Weston			2099	8	7⅝	7¾	— ¼
WstoBc			458	3⅝	3⅜	3⅜	— ⅜
WstwOn			8271	2⅞	2⅜	2⅝	— ⅜
WetSeal			2274	15¼	14	14½	— ½
Wettra	.64	2.3	1804	29¾	27⅝	27⅝	—2⅛
WetrPr	.84e	5.4	53	15½	14½	15½	+ ½
Wharf			78	4⅞	4½	4⅝	+ ⅛
Wheatly			6123	10½	9⅝	9⅝	— ⅜
Wicat			1206	3⅝	2⅞	3⅛	— ¼
Wiland			378	2⅞	2½	2½	
WllyJ A	1.10	3.0	89	37	36	36⅞	— ⅜
Willamt	1.60	2.8	7127	60⅜	56¼	56½	—1¼
Willml			753	3⅝	3⅛	3⅛	— ⅜
WillW	.68	4.9	1	14	14	14	—1½
WmSon s			2742	25½	22½	22½	—2⅜
WllmTr	1.64	3.4	1538	48¼	47¼	47¾	— ¼
WiscCT			3814	19¼	18	18	
WisSGs	1.20	3.8	4	32	32	32	—2
WiserO	.40a	2.4	615	17⅛	16⅝	16½	— ½
WolfFn			200	3	2⅞	2½	— ½
Wolohn	.28b	1.3	1118	22½	20½	21½	+ ½
WlvExp			3948	⅞	⅝		—
Wolv wt			77	⅞	⅝		+
WlvEx pf	2.25	72.0	731	3⅛	2⅞	3⅛	+ ⅛
Woodhd	.68	4.2	139	17	16¼	16¼	
Wordsf			2609	3⅝	3¼	3¼	— ⅜
WrkCap	.17e	1.3	28	13½	13½	13½	+ ½
WorkBc	.20e	2.3	17	13⅛	13	13	— ⅛
Worthg	.64	2.5	9351	26	24⅝	25⅞	+1⅜
Wyman	.40	5.8	4049	6⅞	6¼	6⅞	+ ¼

X	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
XL Dta			998	7⅞	6⅞	7⅛	
XOMA			35824	31¼	27	27⅝	—3⅛
XeRite	.12	.9	828	14	12	14	+1⅝
Xicor			6154	2⅝	2⅛	2½	+ ⅛
Xilinx			3745	23⅝	22¼	22½	—1⅛
Xplor	.15e	2.5	141	6⅛	5⅝	6	+ ½
Xylogic			6	4½	4½	4½	— ⅜
Xyplex			1807	15¼	14½	15	— ⅛

Y	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
YelowF	.94	2.9	9691	33¼	30⅝	32⅝	+1⅛
YesClth			13	5½	5½	5½	— ½
YorkFn	.68b	5.3	186	12¾	12¼	12¾	+ ¼
YorkRs			8493	21	19	20½	+ ½

Z	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
Z Sevn	.13e	.8	100	16¾	16	16	
ZenLab			399	14½	10	13	+3
Zeos s			7712	20½	17	19½	+ ¼
Ziegler	.52a	3.6	3	14¼	14	14¼	—1½
Zilog			891	14⅞	14¼	14½	+ ⅜
ZionBc	1.44	3.5	840	42¼	40⅞	41⅝	— ⅜
Zitel			10659	8⅝	4½	5	—3¼
Zycad			13485	3⅛	2⅝	2¾	+ ¼



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MONDAY SPORTS

Take-Charge Jordan Lifts Bulls in OT

Lakers Fall, 104-96, at Home as Chicago Moves to 2-1 Lead in the Series

By David Aldridge
Washington Post Service

INGLEWOOD, California — At the end, the basketball, the overtime, the Los Angeles Lakers, the whole game belonged to Michael Jordan.

Taking over in overtime, Jordan led the Chicago Bulls to a 104-96 victory Friday night at the Forum and a 2-1 lead in the National Basketball Association final series.

Jordan scored 6 of his game-high 29 points in the overtime, after hitting a 14-footer with three seconds remaining in regulation to tie things at 92. That followed a three-point play from center Vlade Divac, who scored 24 points before fouling out, with 10 seconds left that temporarily gave the Lakers a 92-90 lead.

After the Lakers' rookie Elden Campbell scored his only points of the game to even the score at 94 early in the overtime, Jordan drove the lane and changed direction for two points. Sam Perkins tied it again, but Jordan drove the left baseline for a reverse layin with less than two minutes to go for a 98-96 Chicago lead.

He rebounded a Perkins miss, and with the Lakers paying so much attention to him, Horace Grant sneaked in to rebound his miss on the Bulls' next possession. Seconds later, Jordan made two free throws.

Perkins led the Lakers with 25 points, and Magic Johnson scored 22. James Worthy had just 4 of his 19 points after intermission, and Byron Scott suffered through a 0-for-8 shooting performance, failing to score.

For Chicago, Scottie Pippen scored 19 before fouling out, and Horace Grant had 18.

The Bulls overcame a 13-point third-quarter deficit with a 24-9

NBA FINAL

run to end the third and start the fourth. Chicago led by four in the fourth, 88-84 on a Cliff Levingston tipin with three minutes left.

Chicago still led by three with a minute left in regulation, but Perkins drove the lane with 49 seconds left to keep Los Angeles within 90-89. Jordan went for a bank shot at the other end, and missed. Divac got the rebound to set up the final sequence.

Game 4 of the best-of-seven series was to be played Sunday evening at the Forum.

The Bulls started again with Jordan on Johnson. And again, the Bulls tried to double-team when Los Angeles posted its big men. Chicago brought its double-teams from the baseline and the Lakers countered by bringing Divac down the middle.

The Lakers' best offense came from Worthy, who hit five straight shots for 10 first-quarter points.

Los Angeles hit its first seven shots, with Johnson posting up early for seven points, in taking a 17-12 lead. But seven straight from the Bulls, capped by Jordan's 3-pointer, gave Chicago a 19-17 edge with 5½ minutes left in the quarter.

The Bulls got more strong play from Grant, who scored eight points not only off penetration but on a couple of strong moves to the basket. But Chicago continued to have success with Pippen and Jordan driving and finding the open men.

Jordan's 11 led the way for the Bulls, but the score was tied at 25 after one.

The Lakers led 39-35 midway through the second, as Chicago's carelessness with the ball (13 first-half turnovers) cost the Bulls shots at the offensive end. It negated a huge rebounding edge for Chicago. At one point Los Angeles was down 18-6 in rebounds.

The Bulls came back with their reserves providing solid contributions. Scott Williams came in for foul-plagued center Bill Cartwright and played the final 5:53 of the half without incident. And Levingston provided consecutive blocked shots at the defensive end.

Williams's free throw started an 8-0 Bulls run. Levingston's jumper put Chicago up one, and his steal from Perkins began a fast break completed with a Jordan jumper at the 3:39 mark and gave the Bulls a 42-39 lead. Williams ended the run with another free throw 25 seconds later.

But Los Angeles scored eight of the next nine, getting five more from Worthy, including a transition dunk with less than a minute remaining that put the Lakers back up. Johnson converted a technical foul on Pippen, and Worthy made one of two free throws with 31 seconds left for a 47-44 Lakers lead.

Chicago came back with four free throws in the final 18 seconds, however, with Jordan's 15th point of the half giving the Bulls a 48-47 halftime lead. Worthy's 15 led the Lakers, who were outrebounded 22-10.

Of added concern to Los Angeles was its inability to get Byron Scott in any kind of offensive flow. He didn't look fluid on any of his three shots, all of which he missed. The Lakers tried a couple of new wrinkles in their halfcourt sets to get him shots, but Jordan continued to blanket him.

Chicago led 52-49 early in the third when the Lakers exploded. The key players were three — Johnson, who did almost all the passing, and Perkins and Divac, who did all the scoring.

They combined for 10 of the next 12 points, beating the Bulls' weak-side defense badly. Divac put Los Angeles ahead on a backdoor layin; later, Worthy fed Perkins for a dunk, and Divac spun past Grant and to the open basket on the next possession.

Perkins blocked Pippen at the other end, and Johnson's scoop gave the Lakers a 61-54 lead with 6:58 left in the third.

The Bulls' offense suddenly could not function. Everything came from the perimeter, and they did not hit anything. At the other end, Perkins hit two free throws, spun past Stacey King for two more, and Johnson hit Divac for another layin at 4:46.

The run was 18-2, and the Lakers led 67-54.

But the Lakers did not maintain their lead. Chicago chipped away, scoring 12 of the last 17 in the quarter. Paxson, who had been on the bench for most of the second quarter, scored four, and the Bulls had the last six of the period. Pippen's drive down the lane cut the Bulls' deficit to 72-66 after three.

Sam Mircovich/Reuters
Michael Jordan sailing over Vlade Divac for 2 of his 29 points.

Hansel Shows Heart To Win at Belmont

By Andrew Beyer
Washington Post Service

ELMONT, New York — Before the Belmont Stakes, the main question about Hansel was whether he could run well without the drug Lasix. But as he turned into the stretch, the key question was this: How much heart did he have?

The colt had battled hard in the early stages of the 1.5-mile classic and had disposed of the other speed horses. But now Strike the Gold was accelerating powerfully on the turn, swooping past the field. But Hansel wouldn't yield. With more than $1 million at stake, he held on to win by a head — the closest Belmont finish since the classic Alydar-Affirmed of 1978.

Strike the Gold had won the Kentucky Derby while Hansel ran dismally; Hansel had won the Preakness while Strike the Gold had run poorly. The leading members of this generation of 3-year-olds seemed to be both inconsistent and devoid of brilliance.

But on Saturday they refuted these notions.

Strike the Gold's trainer, Nick Zito, had said before the race that he would instruct the jockey, Chris Antley, "Drop back to last and then make a run." And Antley did just that with the 2-1 favorite.

Another Review, a 99-1 shot, was being hustled to the lead, while Corporate Report and Hansel — the expected pacesetters — chased him. Instead of the soft early pace that the speedy contenders had hoped for, Another Review was pulling them through a quarter mile in 23 flat and a half-mile in 46.60 seconds.

Corporate Report disposed of the long-shot leader and, almost as soon as he did, Jerry Bailey moved Hansel abreast of him.

Hansel finally shook loose of Corporate Report on the turn, but as he did, the eyes of the 51,766 people at Belmont Park were riveted on the bright pink silks of Strike the Gold. This was the same kind of move that the colt had made at the Kentucky Derby.

Strike the Gold was gaining steadily in the stretch, and the leader was giving up ground grudgingly. But this time Hansel wouldn't let him past — until after the wire.

"He was trying as hard as a horse can possible try," Bailey said. "I really think it was his heart that got him home."

The time of the race, 2:28, was not exceptional, but the two colts clearly confirmed their superiority to the remaining members of this crop. They were three lengths ahead of Mane Minister, which earned the distinction of becoming the first horse to finish third in all three Triple Crown races, and Corporate Report was another 2½ lengths back in fourth place.

SCOREBOARD

BASEBALL

Major League Standings

(Through Saturday's games)

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Toronto	30	26	.536	—
Boston	28	25	.528	½
Detroit	27	27	.500	2
New York	24	27	.471	3½
Milwaukee	23	30	.434	5½
Cleveland	21	31	.404	7
Baltimore	20	33	.377	8½
West Division				
Oakland	33	22	.600	—
California	31	23	.574	1½
Minnesota	30	25	.545	3
Seattle	29	25	.537	3½
Texas	26	23	.531	4
Chicago	26	26	.500	5½
Kansas City	24	29	.453	8

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Pittsburgh	34	18	.654	—
New York	29	23	.558	5
St. Louis	28	25	.528	6½
Chicago	28	26	.519	7
Philadelphia	25	29	.463	10
Montreal	23	31	.426	12
West Division				
Los Angeles	31	23	.574	—
Atlanta	28	23	.549	1½
San Diego	29	27	.518	3
Cincinnati	26	27	.491	4½
San Francisco	21	34	.382	10½
Houston	19	35	.352	12

Friday's Line Scores

AMERICAN LEAGUE

Cleveland 000 000 000—0 2 2
Minnesota 010 000 01x—2 5 1
Candiotti, Orosco (8) and Skinner, Taubensee (9); A.Anderson, Aguilera (9) and Harper. W—A.Anderson, 3-4. L—Candiotti, 7-3. Sv—Aguilera (14). HR—Minnesota, C.Davis (12).

Texas 000 040 000—4 6 1
New York 210 010 001—5 11 1
Rogers, Jo.Barfield (5) and Petralli, Stanley (6); M.Witt, Cadaret (6), Habyan (8) and Geren. W—Habyan, 3-1. L—Jo.Barfield, 2-1. HRs—Texas, Downing (7). New York, P.Kelly (1).

Toronto 011 100 100—4 8 1
Baltimore 001 212 00x—6 7 1
Ju.Guzman, Dayley (5), D.Ward (6), Fraser (8) and Borders, Myers (8); Smith, Williamson (7), Olson (8) and Melvin. W—Smith, 3-0. L—Ju.Guzman, 0-1. Sv—Olson (10). HR—Toronto, Carter (10).

Chicago 000 100 010—2 5 0
Kansas City 000 000 000—0 6 1
Hough, Radinsky (8) and Wakamatsu; Appier and Macfarlane. W—Hough, 3-2. L—Appier, 3-7. Sv—Radinsky (1).

Milwaukee 100 000 000—1 3 2
Seattle 100 001 00x—2 4 1
Higuera, Holmes (6), Plesac (8) and Dempsey, Surhoff (7); Krueger, Swift (7), M.Jackson (7) and Valle. W—Krueger, 2-2. L—Higuera, 0-2. Sv—M.Jackson (7).

Detroit 100 022 000—5 10 0
California 000 000 000—0 4 2
Tanana and Allanson; Valenzuela, Grahe (6), Bailes (9) and Parrish. W—Tanana, 3-5. L—Valenzuela, 0-1. HRs—Detroit, Phillips (5), Whitaker (7).

Boston 020 010 000—3 6 0
Oakland 100 000 000—1 4 3
Gr.Harris, Gray (7), Reardon (9) and Pena; Moore and Afenir, Steinbach (8). W—Gr.Harris, 2-5. L—Moore, 7-4. Sv—Reardon (15). HR—Oakland, D.Henderson (14).

NATIONAL LEAGUE

Los Angeles 010 002 000—3 9 1
Chicago 000 101 000—2 6 2
Morgan, Candelaria (8), Howell (9) and Scioscia; Boskie, McElroy (7), Lancaster (8) and Berryhill. W—Morgan, 6-4. L—Boskie, 2-5. Sv—Howell (10).

San Diego 000 000 000—0 13 0
Pittsburgh 010 000 00x—1 7 0
Hurst, Andersen (7) and Santiago; Drabek, Patterson (8), Belinda (8), B.Landrum (9) and Slaught. W—Drabek, 4-7. L—Hurst, 6-3. Sv—B.Landrum (10).

Philadelphia 201 100 100—5 12 1
Cincinnati 100 300 000—4 11 1
Greene, McDowell (8), Mi.Williams (9) and Fletcher; Armstrong, Carman (7), Brown (7), Dibble (9) and J.Reed. W—Greene, 5-0. L—Armstrong, 4-5. Sv—Mi.Williams (10). HRs—Philadelphia, Murphy (8), Thon (3). Cincinnati, O'Neill (12).

Montreal 100 300 034—11 16 0
Atlanta 010 000 001—2 8 3
Boyd, Ruskin (8), Sampen (9) and Reyes; Avery, St. Clair (4), Stanton (6), Parrett (9) and Heath. W—Boyd, 3-6. L—Avery, 6-4.

San Francisco 002 001 020—5 7 0
St. Louis 002 000 000—2 7 0
Robinson, Righetti (9) and Kennedy; Olivares, Terry (6), Carpenter (8) and Pagnozzi. W—Robinson, 3-4. L—Olivares, 0-1. Sv—Righetti (5). HR—San Francisco, Ma.Williams (7).

New York 000 000 006—6 7 0
Houston 000 200 001—3 8 0
Darling, Simons (8), Pena (9) and O'Brien, Cerone (8); Deshaies, Schilling (9), Osuna (9), Henry (9), Capel (9) and Biggio. W—Simons, 2-2. L—Schilling, 2-4. HR—Houston, Caminiti (4).

Saturday's Line Scores

AMERICAN LEAGUE

Boston 030 000 023—8 12 1
Oakland 010 000 000—1 2 2
Clemens, Lamp (9) and Pena, Marzano (9); Slusarski, Jn.Guzman (6), Briscoe (8), Walton (9) and Afenir, Steinbach (9). W—Clemens, 8-3. L—Slusarski, 2-3. HR—Oakland, D.Henderson (15).

Cleveland 000 000 001—1 9 0
Minnesota 000 001 10x—2 8 0
Nagy, Orosco (7), Walker (8) and Skinner; Erickson, Aguilera (9) and Webster. W—Erickson, 9-2. L—Nagy, 2-6. Sv—Aguilera (15).

Texas 013 000 003—7 16 0
New York 500 111 20x—10 14 0
Petkovsek, Bitker (5), Gossage (7), Jeffcoat (8) and Petralli, Stanley (7); Taylor, Plunk (6), Howe (6), Guetterman (9), Farr (9) and Nokes. W—Taylor, 2-0. L—Petkovsek, 0-1. Sv—Farr (5). HRs—Texas, Gonzalez (7). New York, Je.Barfield (11), Nokes (8), Hall (9), Sax (3).

Toronto 101 000 060—8 12 2
Baltimore 002 000 002—4 11 0
Key, Timlin (8), Henke (9) and Myers; J.M.Robinson, Williamson (7), Kilgus (8), Poehwirth (8), Hickey (8) and Melvin. W—Key, 9-2. L—Kilgus, 0-1. HR—Baltimore, Horn (9).

Chicago 005 231 003—14 16 0
Kansas City 100 121 200—7 12 2
Hibbard, Patterson (7), Pall (7) and Fisk; Gordon, Aquino (5), M.Davis (7) and Macfarlane. W—Hibbard, 4-4. L—Gordon, 4-4. HRs—Chicago, Fisk (3). Kansas City, Macfarlane (6).

Milwaukee 200 000 000—2 5 0
Seattle 000 103 20x—6 9 0
Wegman, K.D.Brown (6), Machado (7), Knudson (8) and Surhoff; DeLucia, Burba (7) and Bradley. W—DeLucia, 6-3. L—Wegman, 2-2. Sv—Burba (1). HR—Seattle, Davis (5).

Detroit 100 000 030—4 6 1
California 002 010 000—3 8 1
Terrell, Gibson (8), Henneman (9) and Allanson; Abbott, Eichhorn (8) and Tingley. W—Terrell, 3-6. L—Abbott, 5-5. Sv—Henneman (8). HRs—Detroit, Trammell (3), Whitaker (8). California, Tingley (1).

NATIONAL LEAGUE

Los Angeles 300 000 000—3 6 0
Chicago 000 101 20x—4 9 0
Belcher, Gross (7), Hartley (7) and Scioscia; Scanlan, McElroy (6), Slocumb (8), Assenmacher (8), DaSmith (9) and Wilkins. W—McElroy, 3-0. L—Gross, 3-5. Sv—DaSmith (14). HR—Los Angeles, Daniels (5).

Philadelphia 004 000 020—6 10 0
Cincinnati 010 000 000—1 5 0
DeJesus, McDowell (8) and Lake; Hammond, Gross (7) and Reed. W—DeJesus, 2-2. L—Hammond, 3-5. Sv—McDowell (3).

San Diego 320 330 000—11 18 0
Pittsburgh 000 000 000—0 4 2
M.Maddux, Costello (7), Rodriguez (9) and Santiago. Lampkin (7); Tomlin, Heaton (2), Kipper (5), Palacios (8) and LaValliere. W—M.Maddux, 3-1. L—Tomlin, 3-2. HR—San Diego, Teufel (3).

Montreal 100 030 011—6 11 1
Atlanta 003 100 30x—7 11 2
Barnes, Mahler (5), Burke (7), Fassero (7) and Fitzgerald; P.Smith, Freeman (5), Berenguer (7), Stanton (7), Mercker (8) and Heath, Olson. W—Stanton, 2-0. L—Burke, 3-3. Sv—Mercker (4). HR—Atlanta, Hunter (2).

San Francisco 000 100 010 0—2 5 3
St. Louis 000 200 000 1—3 11 0
(10 innings)
Wilson, Brantley (8), Oliveras (10) and Kennedy; Tewksbury, Agosto (8), L.Smith (8), Carpenter (10) and Pagnozzi. W—Carpenter, 7-1. L—Oliveras, 1-2.

New York 200 000 001 01—4 11 0
Houston 000 102 000 00—3 11 0
(12 innings)
Whitehurst, Sauveur (6), Simons (9), Pena (10), Franco (11) and Cerone, O'Brien (9); Kile, Corsi (7), Capel (10) and Biggio. W—Pena, 2-0. L—Capel, 0-1. Sv—Franco (12). HRs—New York, Johnson (12). Houston, Caminiti (5).

Japanese Baseball

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Hiroshima	25	19	1	.567	—
Chunichi	26	20	1	.564	—
Yomiuri	27	23	0	.540	1
Yakult	25	22	1	.531	1½
Taiyo	24	24	1	.500	3
Hanshin	14	33	0	.298	12½

Saturday's Results
Hiroshima 2, Yakult 1
Chunichi 9, Taiyo 8
Yomiuri 4, Hanshin 1

Sunday's Results
Yakult 11, Hiroshima 4
Chunichi 4, Taiyo 0
Yomiuri 6, Hanshin 0

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Seibu	32	14	2	.688	—
Kintetsu	26	21	0	.553	6
Nippon Ham	24	23	1	.510	8
Daiei	20	23	0	.465	10
Orix	19	28	1	.406	13
Lotte	18	30	0	.375	14½

Saturday's Results
Seibu 3, Orix 3, tie, 11 innings
Kintetsu 5, Lotte 3
Nippon Ham 2, Daiei 0

Sunday's Results
Orix 10, Seibu 1
Kintetsu 4, Lotte 0
Nippon Ham 7, Daiei 4

BASKETBALL

NBA Finals

(Best-of-7)
Friday's Result
Chicago leads series 2-1

Chicago	25	23	18	26	12—104
L.A. Lakers	25	22	25	20	4—96

Bulls

	Min	FG	FT	Reb	A	PF	Pts
Grant	42	9-11	4-4	5-11	3	2	22
Pippen	45	8-17	3-4	4-13	5	6	19
Cartwright	33	2-8	2-2	0-3	1	3	6
Jordan	52	11-28	6-6	4-9	9	5	29
Paxson	36	5-11	0-0	0-5	3	1	10
Perdue	6	0-0	0-0	0-1	0	1	0
Hodges	8	1-3	0-0	0-1	0	0	2
Levingston	20	5-5	0-0	2-4	0	1	10
Armstrong	9	0-1	0-0	0-2	0	0	0
Williams	11	0-1	4-6	1-2	2	1	4
King	3	0-0	2-2	0-0	0	1	2
Totals	265	41-85	21-24	16-57	23	21	104

Lakers

	Min	FG	FT	Reb	A	PF	Pts
Perkins	51	10-17	5-6	4-9	2	3	25
Worthy	48	9-16	1-2	0-1	4	1	19
Divac	41	11-15	2-2	1-7	0	6	24
Johnson	50	7-15	8-9	1-6	10	2	22
Scott	43	0-8	0-2	0-1	3	3	0
Teagle	11	1-2	0-2	0-0	0	2	2
Green	15	1-3	0-2	3-4	0	2	2
Drew	4	0-1	0-0	0-1	0	0	0
Campbell	2	1-2	0-0	0-0	0	1	2
Totals	265	40-77	16-25	9-38	19	20	96

3-Point goals—Chicago 1-3 (Jordan 1-1, Pippen 0-1, Paxson 0-1), Los Angeles 0-8 (Drew 0-1, Worthy 0-2, Johnson 0-2, Scott 0-3). Technical—Pippen.

TENNIS

French Open

MEN'S SINGLES, FINAL
Jim Courier (9), U.S., def. Andre Agassi (4), U.S., 3-6, 6-4, 2-6, 6-1, 6-4.

WOMEN'S SINGLES, FINAL
Monica Seles (1), Yugoslavia, def. Arantxa Sanchez Vicario (5), Spain, 6-3, 6-4.

MEN'S DOUBLES, FINAL
John Fitzgerald, Australia, and Anders Jarryd (9), Sweden, def. Rick Leach, U.S., and Jim Pugh (3), U.S., 6-0, 7-6 (7-2).

WOMEN'S DOUBLES, FINAL
Gigi Fernandez, Puerto Rico, and Jana Novotna (1), Czechoslovakia, def. Larisa Savchenko, Soviet Union, and Natalia Zvereva (2), Soviet Union 6-4, 6-0.

Beckenham Tournament

MEN'S FINAL
Ivan Lendl (1), Czechoslovakia, def. Pat Cash (9), Australia, 3-6, 7-6 (7-3), 7-6 (7-4).

WOMEN'S FINAL
Andrea Strnadova (3), Czechoslovakia, def. Renee Stubbs, Australia, 6-7 (4-7), 6-4, 6-3.

GOLF

Buick Classic

Leading scores Saturday after round three of the 1-million-dollar classic played at the 6,779 yard, par-71 Westchester course:

Hale Irwin, U.S.	67-69-67—203
Brad Bryant, U.S.	66-70-68—204
Billy Andrade, U.S.	68-68-69—205
Fulton Allem, S. Africa	66-69-70—205
Roger Maltbie, U.S.	67-75-64—206
Larry Rinker, U.S.	68-73-65—206
Nolan Henke, U.S.	69-70-67—206
Seve Ballesteros, Spain	70-67-69—206
Brett Upper, U.S.	71-66-69—206
Ray Floyd, U.S.	69-68-69—206

CYCLING

Giro d'Italia

Top finishers in Saturday's 13th stage, a 192-kilometer race from Savigliano to Sestriere: 1, Eduardo Chozas, Spain, 5 hours, 58 minutes, 36 seconds; 2, Claudio Chiappucci, Italy, 1 second behind; 3, Marino Lejarreta, Spain, 3 seconds behind; 4, Franco Chioccioli, Italy, same time; 5, Eric Boyer, France, 6 seconds behind; 6, Massimiliano Lelli, Italy, 25 seconds behind; 7, Roberto Conti, Italy, 29 seconds behind; 8, Leonardo Sierra, Venezuela, 31 seconds behind; 9, Santos Hernandez, Spain, 35 seconds behind; 10, Zenon Jaskula, Poland, 37 seconds behind.

Top finishers in Sunday's 14th stage, a 221-kilometer race from Turin to Morbegno: 1, Franco Ballerini, five hours, 35 minutes, 42 seconds; 2, Philippe Casado, France, same time; 3, Juan Oliver Martinez, Spain, two seconds behind; 4, Brian Petersen, Denmark, 14 seconds; 5, Fabiano Fontanelli, Italy, one minute 55 seconds behind; 6, Marco Lietti, Italy; 7, Gianluca Pierobon, Italy; 8, Johan Capiot, Belgium; 9, Mario Cipollini, Italy; 10, Silvio Martinello, Italy — all same time.

Overall leaders: 1, Chioccioli, 68 hours, 35 minutes, 36 seconds; 2, Lejarreta, 26 seconds behind; 3, Chiappucci, one minute, 23 seconds behind; 4, Lelli, one minute, 29 seconds behind; 5, Gianni Bugno, Italy, 2 minutes, 37 seconds behind; 6, Sierra, four minutes behind; 7, Vladimir Pulnikov, Soviet Union, four minutes, 4 seconds behind; 8, Boyer, four minutes, 8 seconds behind; 9, Echave, four minutes, 33 seconds behind; 10, Zenon Jaskula, Poland, four minutes, 36 seconds behind.

CRICKET

FIRST TEST
England vs. West Indies, Fourth Day
Saturday, in Leeds, England
England 1st innings: 198
West Indies 1st innings: 173
England 2nd innings: 252 all out

RUGBY

Sunday, in Auckland, New Zealand
New Zealand Select XV 60, Romania 30

SOCCER

FRENCH CUP
AS Monaco 1, Olympique Marseille 0

DUTCH FIRST DIVISION
FC Groningen 4, PSV Eindhoven 1
SVV Schiedam 1, Ajax Amsterdam 0
Feyenoord Rotterdam 4, Sparta Rotterdam 3
Vitesse Arnhem 2, FC Den Haag 0
FC Twente Enschede 3, SC Heerenveen 3
FC Volendam 2, MVV Maastricht 2
FC Utrecht 2, NEC Nijmegen 0
Willem II Tilburg 2, Roda JC Kerkrade 0
Fortuna Sittard 0, RKC Waalwijk 2

Standings: PSV Eindhoven and Ajax 51 points; FC Groningen 46; FC Utrecht 41; Vitesse 37; FC Twente 35; RKC Waalwijk 34; Feyenoord and Volendam 32; Willem II and Roda JC 30; Fortuna S. 29; Sparta 27; MVV Maastricht and FC Den Haag 26; SVV Schiedam 24; Heerenveen 22; NEC Nijmegen 21.

GERMAN FIRST DIVISION
FC Kaiserslautern 2, Moenchengladbach 3
FC Nuremberg 0, Bayern Munich 1
Fortuna Duesseldorf 1, Werder Bremen 2
Bayer Uerdingen 1, Hertha BSC Berlin 2
Bayer Leverkusen 1, Borussia Dortmund 2
FC St. Pauli 1, Eintracht Frankfurt 1
VfB Stuttgart 2, Hamburger SV 0
Karlsruhe 1, FC Cologne 1
Bochum 0, SG Wattenscheid 0

Standings: FC Kaiserslautern 46 points; Bayern Munich 44; Werder Bremen 40; Hamburger SV 39; Eintracht Frankfurt and VfB Stuttgart 38; FC Cologne 37; Bayer Leverkusen, Borussia Moench and SG Wattenscheid 33; Fortuna Duesseldorf and Borussia Dortmund 32; Karlsruher SC 30; VfL Bochum 29; FC Nuremberg and FC St.Pauli 27; Bayer Uerdingen 22; Hertha BSC Berlin 14.

SPANISH FIRST DIVISION
Real Madrid 1, Barcelona 0
Logrones 2 FC, Sevilla 1
Cadiz 2, Real Zaragoza 1
Real Sociedad 0, Real Mallorca 0
Real Oviedo 3, Castellon 0
Espanol 3, Atletico Madrid 1
Valencia 0, Sporting Gijon 1
Betis 0, Osasuna Pamplona 1
Real Valladolid 1, Athletic Bilbao 0
Burgos 2, Tenerife 0

Standings: Barcelona 57 points; Atletico Madrid 47; Real Madrid 46; Osasuna Pamplona 45; Sporting Gijon 44; Real Oviedo 42; Valencia 40; FC Sevilla 38; Real Valladolid, Logrones and Burgos 37; Athletic Bilbao and Real Sociedad 36; Tenerife 35; Real Mallorca 34 and Espanol 34; Real Zaragoza 33; Cadiz 29; Castellon 28; Betis 25.

TRANSACTIONS

BASEBALL
American League

BALTIMORE—Signed Vaughn Eshelman, Jimmy Haynes, Terry Farrar, Allan Plaster, Rick Krivda, Steve Firsich, and Matt Sanders, pitchers; Robert Waszgis and Kris Greshman, catchers; Jamie Conner and Derek Adams, shortstops; and Lamonn Washington, third baseman.

CALIFORNIA—Purchased contract of Fernando Valenzuela, pitcher, from Edmonton, Pacific Coast League. Optioned Cliff Young, pitcher, to Edmonton.

CLEVELAND—Will move spring training facility to Homestead, Fla. in 1993.

MILWAUKEE—Activated Mark Knudson, pitcher, from 15-day disabled list. Optioned Jim Hunter, pitcher, to Denver, American Association.

N.Y. YANKEES—Activated Mike Witt, pitcher, from 60-day disabled list. Optioned Torey Lovullo, infielder, to Columbus, International League.

TEXAS—Purchased contract of Mark Petkovsek, pitcher, from Oklahoma City, American Association. Put Jack Daugherty, outfielder, on 15-day disabled list, retroactive to June 5.

National League

NL—Suspended Otis Nixon, Atlanta outfielder, for four games and Wally Ritchie, Philadelphia pitcher, for one game, and fined both an undisclosed amount, for fighting in June 4 game.

ATLANTA—Optioned Jeff Parrett, pitcher, to Richmond, International League. Recalled Tommy Gregg, outfielder, from Richmond.

CINCINNATI—Signed John Gast, third baseman, and assigned him to Princeton, Appalachian League.

HOUSTON—Recalled Javier Ortiz, outfielder, from Tucson, Pacific Coast League. Optioned Dave Rohde, infielder, to Tucson.

HOUSTON—Purchased contract of Mike Capel, pitcher, from Tucson, Pacific Coast League. Put Xavier Hernandez, pitcher, on 15-day disabled list, retroactive to June 3. Moved Mike Scott, pitcher, to 60-day disabled list. Signed Chris Durkin and Todd Hobson, outfielders; James Mouton, infielder; Rodney Stehl, pitcher; and Michael Murphy, catcher, and assigned them to Auburn, New York-Penn League.

N.Y. METS—Signed Ervin Collier and Eric Reichenbach, pitchers, and Anthony Tijerina, catcher. Assigned Collier to Sarasota, Gulf Coast League, and Reichenbach and Tijerina to Pittsfield, New York-Penn League.

SAN DIEGO—Released Jim Presley, third baseman. Recalled Atlee Hammaker, pitcher, from Las Vegas, Pacific Coast League.

ST. LOUIS—Optioned Tim Jones, infielder, to Louisville, American Association. Called up Mark Grater, pitcher, from Louisville.

PHILADELPHIA—Put Jason Grimsley and Wally Ritchie, pitchers, on 15-day disabled list. Called up Bruce Ruffin and Andy Ashby, pitchers, from Scranton-Wilkes-Barre, International League. Signed Dominic DeSantis, Craig Holman and Glenn Nevill, pitchers; Phil Geisler and Craig Billecl, first basemen; Bruce Smolen, infielder, and Carlton Hardy, third baseman.

FOOTBALL
National Football League

CLEVELAND—Signed K.D. Dunn, tight end. Acquired Ray Green, wide receiver, from Phoenix for undisclosed draft choice.

HOUSTON—Signed Ed Beaulac, kicker; Corey Edmond and Keith Fribers, linebackers; Gary Hollingsworth, quarterback; Doug Lewis, running back; Jon Reed, wide receiver; and Scott Thomas, guard-tackle.

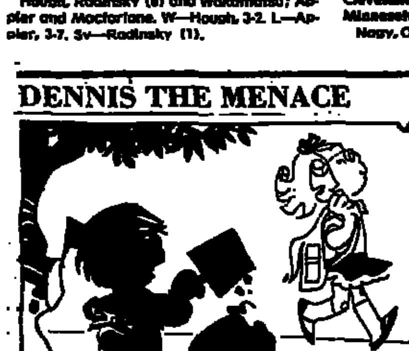
World League of American Football

BARCELONA—Signed Mark Murphy, defensive end.

HOCKEY
National Hockey League

DETROIT—Signed Lonnie Loach, left wing.

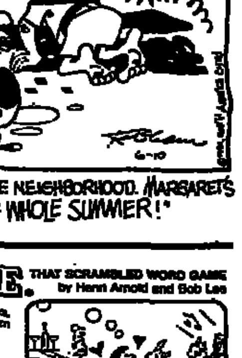
DENNIS THE MENACE


"WELL, THERE GOES THE NEIGHBORHOOD. MARGARET'S OUTA SCHOOL FOR THE WHOLE SUMMER!"

JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

AGMOD
KEJYR
LISWEY
SABDUR



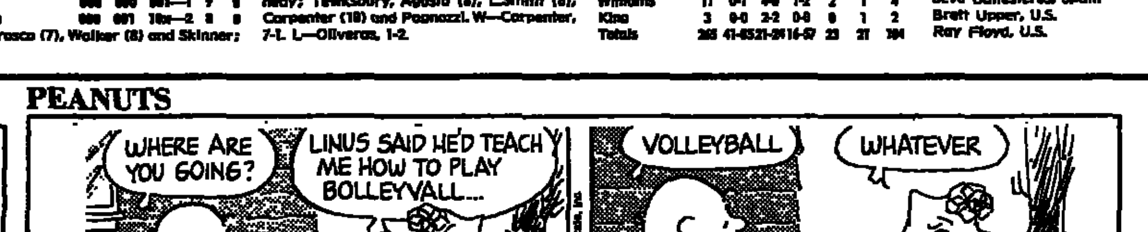
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

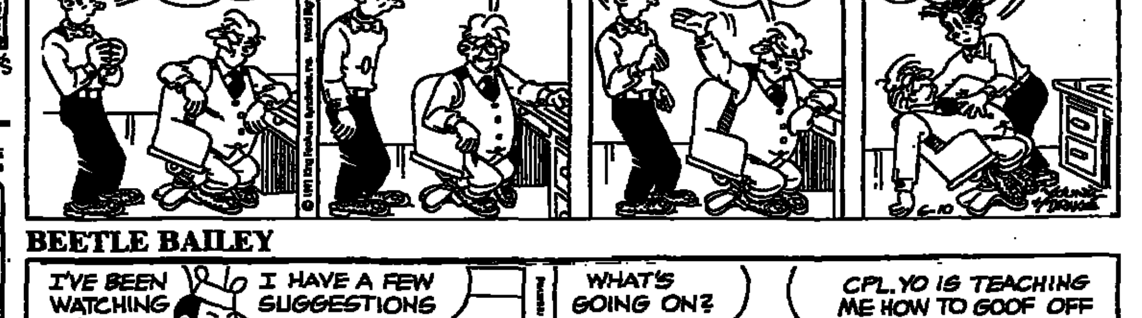
Saturday's Jumbles: FOIST ESSAY ASTRAY BUBBLE
Answer: He climbed out of his "status quo" in order to improve this—HIS STATUS

PEANUTS



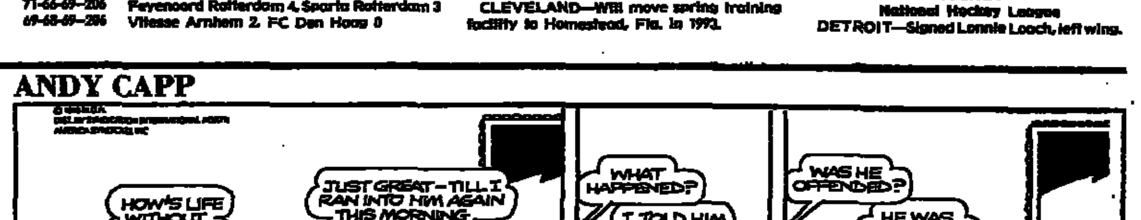
BLONDIE

BEETLE BAILEY



DOONESBURY

ANDY CAPP



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MONDAY SPORTS

Courier Triumphs Over Agassi in 5 Sets

By Nick Stout
International Herald Tribune

PARIS — Jim Courier, the 20-year-old baseball fanatic from Dade City, Florida, got some good advice from his coach during a rain interruption, then returned to the tennis court and beat Andre Agassi on Sunday, 3-6, 6-4, 2-6, 6-1, 6-4, for the 1991 French championship.

"I got a little bit lucky, but sometimes that's what it takes," Courier said with his victory cup in hand. He thanked the 18,000 spectators at the Stade Roland Garros for seeing him through, and then he thanked his coach, José Higueras, to whom he looked up for encouragement frequently during the match.

"I wouldn't be standing here without you," Courier said.

With the victory, clearly the biggest in his tennis life, Courier pocketed 2.4 million francs ($406,000). The triumph will vault him into the No. 4 position in the world rankings. Agassi, who had been No. 4 and who has now failed in three Grand Slam finals, will drop to No. 5.

Agassi and Courier, longtime rivals from their days together at the same tennis academy in Florida, played a largely unexciting match of groundstrokes that was interrupted twice by rain.

The first set took 33 minutes and would have ended sooner if Courier had not survived a couple of set points at 2-5. Agassi squandered both of them with errors, and Courier hung on long enough to force another game.

It was when Agassi was serving at 5-3, 30-15, that Courier momentarily lost his composure.

Agassi had hit an apparent winner, but Courier managed to reach the ball and lob it back in desperation. Agassi looked skyward and followed the trajectory of the ball as it fell. The line judge called it out as soon as it hit, and Agassi did not play it. That made it 40-15: set point.

Courier was furious. He and Agassi had some words together, but he continued protesting strenuously. Courier was heard demanding to see the tournament referee — a request that was not heeded — and he climbed halfway up the umpire's steps as he pressed case. But he could not persuade the umpire to come down and inspect the mark, and the score stood.

The set ended on the next point, when Courier's backhand went long.

Agassi broke serve to open the second set and won the next game after saving a break point with a drop shot from the backcourt against a strong wind. He seemed to have taken control of the match when rain drove everyone running for cover with Courier serving at 1-3 and deuce.

But when play resumed after 20 minutes, Courier delivered two quick forehand winners to take the game and then broke Agassi to love thanks to his opponent's errors.

During the delay, Courier had a chance to consult with Higueras, the Spaniard and one-time clay-court menace who coached Michael Chang to victory here in 1989.

"He told me I needed to back up on his serve a little bit because I was getting hurt right away," Courier said. "So I backed up to about 10 feet behind the baseline and just started getting the ball in deep, and then working the point out even instead of being in a deficit right away. That really was a turnaround for me. I came back out, held serve and broke. That got me into the match."

The showers interfered again with the score 3-3 and Courier serving at deuce. Seventeen minutes later, when the players came back on the court, Courier saved a break point and held serve with an ace to go to 4-3.

Agassi had clearly lost his touch, and Courier took the set when Agassi netted a drop shot at 4-5, 15-40.

Agassi's game picked up in the third set, and it made Courier frustrated. After he sailed a forehand too long at 3-2, Courier looked up at the crowd and screamed, "Will you shut up, up there!"

But Courier won the fourth set with breaks in the second and sixth games.

"He started missing shots and maybe started playing a little too fast," Courier observed. "A big difference in the fourth set was that my serve started working a lot better. I started getting a few cheap points, which is pretty key."

The fifth set was close. Courier hit perhaps his best shot of the afternoon when he greeted Agassi's second serve at 3-3, 30-40, with a cross-court backhand winner from his ad-court corner. It was the only time all day Courier won a point on a service return, and it was good for a break. But Agassi broke back in the next game with a cross-court backhand of his own.

The red dust was swirling violently now with Agassi serving at 4-4. Courier reached break point on a cross-court forehand, a shot that seemed to improve for Courier as the match grew older, and he clinched the break with an overhead winner.

Serving for the match at 5-4, Courier won the first point on a service return to the net. He lost the next one on a forehand error. When Agassi's shot went wide, for 30-15, Courier looked up at Higueras, who reminded him to stay calm.

A winning forehand gave Courier match point, and, again, he sought some reassurance from his coach. Courier grinned as he pressed his palms downward to indicate that he knew he needed to remain calm.

"I just wanted to make him hit some balls and be aggressive when I got the chance," Courier said when asked what he had been thinking at that juncture.

But Agassi never got another chance to hit a ball because Courier was calm enough to deliver an ace on match point.

Having won the French Open, Courier lay flat on his back to absorb the moment before he went to the net to receive congratulations from his opponent.

Agassi still had the last laugh on his critics by getting to the final here with little clay-court preparation. But he was clearly not the infallible groundstroke machine he was against his six other opponents of the past two weeks. He was missing a lot on his forehand and reproaching himself for it with obscenities. He also needed to serve twice on more points than he would have preferred.

Asked if he was shocked at losing once again in a Grand Slam final, Agassi said, "That would be a tough statement to make because it would be discrediting Jim."

Agassi expressed his profound disappointment, but he tried to keep it all in perspective.

"I lost in the final," he said. "I'd rather lose there than where the other 126 guys did."

Lionel Cironneau/The Associated Press

A victorious Jim Courier: "I got a little bit lucky, but sometimes that's what it takes."

Seles Draws on Experience To Take Her 2d French Title

International Herald Tribune

PARIS — After she had won the French tennis championship for the second straight year, Monica Seles of Yugoslavia said she drew on experience to get her by the most difficult moment of her final match.

Seles, the No. 1 woman in tennis, had won the first set and had made up a 1-4 deficit in the next. Now she was trying to finish off the title match against Arantxa Sánchez Vicario of Spain, serving at 5-4.

The 1991 French championship was finally decided Saturday in Seles's favor, 6-3, 6-4, but not before the two players went to deuce seven times in that final game. Had Sánchez, who beat Steffi Graf for the championship in 1989, won the game to even the score at 5-5, the result might have been different.

But Seles, 17, said she kept thinking of a match against Gabriela Sabatini in March, when she came back from 0-4 in the second set to win, 6-3, 7-5.

"I got to 5-4 and 6-5 and I had these long games," Seles recalled after she beat her 19-year-old opponent, who had been seeded fifth. "So I thought if I could pull it out then, I could pull it out here. I just gave it all I had. At 30-love my hands started shaking."

When it was over, Seles's hands had steadied, and she held her trophy high and thanked the French spectators for their support. Seles had become richer by 2.2 million French francs (about $365,000). Sánchez by half that amount.

Sánchez had won the coin toss and elected to receive Seles's serve. She opened the match with service break, but soon became flustered over some line calls that did not go her way.

When her forehand was called long at 2-1, 15-love, Sánchez had had enough. She shouted "No!" for all the world to hear and slammed her racket on the net for the benefit of those who might have been out of earshot.

Seles succeeded in breaking Sánchez in that game with the help of a double fault. She broke again to go to 5-3 and claimed the first set moments later on a forehand winner.

Sánchez got a jump in the second set, breaking Seles in the fourth game for a 3-1 lead. On the first point of the fifth game, Sánchez finally got a call in her favor when the umpire overruled a line judge and determined that her backhand shot had hit the line. It was the first time that the umpire had agreed to descend from on high and take a close look at the mark on the clay. Sánchez won that game to go to 4-1, but then she started missing, and Seles was soon serving for the match at 5-4.

It was an exciting conclusion to an otherwise routine match. Seles saved four break points and needed four match points to win.

"It was a very important game," Seles said, "because if it's 5-all anything can happen. I just tried to finish the match off."

Here is how she did it:

Seles saved the game at 30-40 with a forehand winner but then hit a backhand that went wide, giving Sánchez her second break point.

Sánchez missed that opportunity when her service return went long.

Seles finally arrived at match point on an overhead winner but missed the chance on an errant cross-court forehand. She got a second opportunity when Sánchez returned her next serve into the net, but she squandered that one, too, by failing to get Sánchez's hard backhand back to the other side of the court.

The pair were now at deuce for the fourth time. Seles had appeared to have beaten Sánchez with a hard backhand to Sánchez's forehand corner, but Sánchez managed to reach the ball and send a soft lob skyward. Seles waited for it to drop and then smashed the ball straight into the net. Break point once again for Sánchez.

Seles survived this time with a textbook drop shot and reached her third match point when Sánchez's backhand shot strayed wide.

This time it was Seles who lobbed to catch her breath after a long rally. Sánchez did not wait for the ball to touch ground as she impatiently smashed a winner.

Seles gave her opponent a fourth break point with a long backhand but saved it moments later with a backhand winner that Sánchez lunged for but could not touch. Seles thought that shot so effective that she tried it again, successfully as it happened, and she reached her fourth match point.

By this time, Sánchez's luck, or stamina, or determination, or whatever had sustained her in this contest had run out. After a brief exchange of balls, Sánchez shot a backhand into the net and the match was over.

—NICK STOUT

Monarchs Rout Dragons to Win First WLAF Cup

The Associated Press

WEMBLEY, England — Dan Crossman scored an interception touchdown and Stan Gelbaugh threw for two more as the London Monarchs shut out the Barcelona Dragons, 21-0, on Sunday to win the World League of American Football's first championship.

By collecting the World Bowl trophy on their home field, the Monarchs also avenged their only defeat in 11 games. They raced into a 21-0 lead before halftime and then doused the Dragons' fire.

The 61,108 fans, most of them British, gave the home of English soccer a carnival atmosphere. But it was the not the happiest of places for the visitors from Barcelona.

When they were in London two weeks earlier, the Dragons stole a 20-17 victory. This time, little went right for them in the first half of the game. The World Bowl was only seconds old when the Dragons' quarterback, Scott Erney, tried to find his wide receiver, Gene Taylor, in the Monarchs' end zone, but he tumbled out of bounds.

Then the Dragons had a field-goal opportunity, but Massimo Manca fumbled the snap.

Erney found Taylor with a 48-yard pass with 4.01 left in the first quarter for a first down, but the Monarchs' defense stifled Jim Bell's rushes in follow-up moves.

Then another field-goal attempt by the Dragons went astray, Manca missing his kick to the right of the posts.

The first quarter of the first World Bowl looked like it would be scoreless. But with one second remaining, Gelbaugh exploded a 59-yard pass to wide receiver John Horton who crossed for a touchdown. Phil Alexander then kicked the conversion.

Erney had two passes intercepted by Crossman and the second, after 2:42 of the second period, proved costly. Crossman ran 20 yards for an opportunist touchdown.

Alexander made it 14-0 with the kick. It was a score that helped him gain the honor of most valuable player.

And at 14.17 of the quarter, the Monarchs steamed further ahead when Gelbaugh dropped back, switched to the left and found Judd Garrett with a 14-yard pass in the end zone. Alexander kicked the point for a 21-0 lead.

Erney was sacked just before the half and never appeared for the second half. The Dragons, who replaced him with Tony Rice, said he had suffered a shoulder injury.

Rice saw plenty of the ball in the second half, and the Dragons had the Monarchs pinned back near their own end zone for long periods.

But the Monarchs' defense, with Crossman, Roy Hart and Mike Renna the standouts, allowed little room for Rice to weave scoring chances.

There were huge roars of delight from the British football fans when the game ended and when Gelbaugh received the trophy from the WLAF president, Mike Lynn, who hopes to expand the league by two teams next season.

SIDELINES

Bubka Sets 26th Pole Vault Record

MOSCOW (AP) — The Soviet pole vaulter Sergei Bubka broke his own outdoor world record on Sunday, clearing 6.08 meters (19 feet, 11¼ inches) at the International Amateur Athletic Federation Grand Prix competition.

He broke the record of 6.07 meters he established last month in Sizouka, Japan. It was the 26th time he has set a world record. Bubka also holds the indoor record, 6.12 meters, which he established in March in Grenoble, France.

Bubka earlier cleared heights of 5.70 meters and 5.85 meters, both on second attempts. After clearing 6.08 meters, Bubka decided not to continue the competition.

50-to-1 Long Shot Wins Epsom Oaks

EPSOM, England (Reuters) — The Irish-trained Jet Ski Lady become the longest-odds winner of the Epsom Oaks in more than 150 years.

The 3-year-old filly, completely disregarded by tipsters, started the 213th running of England's premier fillies' classic at 50-1, equaling the record odds of Vespa in 1833.

Jet Ski Lady, ridden by Christy Roche, dominated the race from half a mile out and went on to beat the well-favored Shamshir by 10 lengths. Only Sun Princess, who was a 12-length winner in 1983, has ever bettered that in the Oaks. Shadayid finished third.

Lendl Defeats Cash in Beckenham

BECKENHAM, England (AP) — Ivan Lendl defeated Pat Cash on Sunday to retain his title in the Beckenham grass-court tournament.

The No. 1 seed won a gripping match, 3-6, 7-6 (7-3), 7-6 (7-4), and boosted his confidence with just two weeks to go before the start of Wimbledon. Both men plan to play at the tournament at Queen's Club next week to continue their preparation for Wimbledon.

Foreman Cites Offer to Fight Tyson

ST. PAUL, Minnesota (AP) — George Foreman says the boxing promoter Don King has offered him $15 million to fight Mike Tyson, the former heavyweight champion, this fall.

Foreman said King flew to Minneapolis to give him a contract, then returned to Las Vegas, where Tyson is preparing for a June 28 rematch against Donovan (Razor) Ruddock. John Solberg, a spokesman for King, said from Las Vegas that he hadn't heard of the offer, "but it wouldn't surprise me."

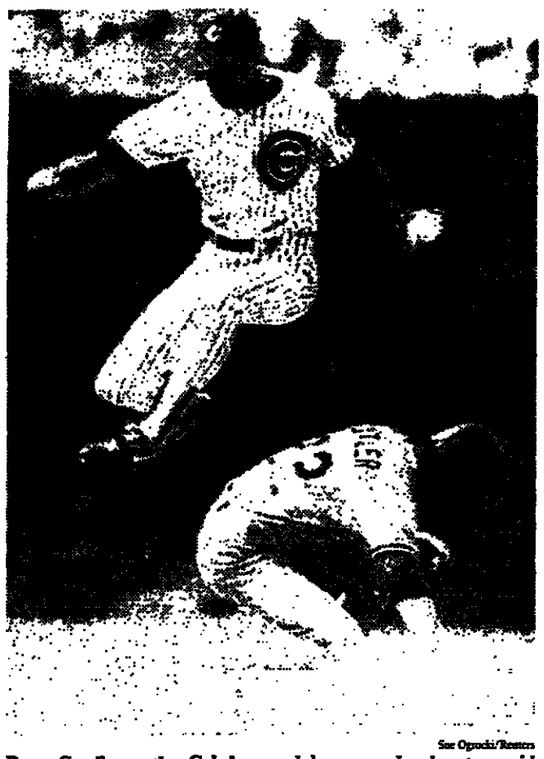
Foreman, in Minneapolis for the high school graduation of his daughter, was quoted by the Saint Paul Pioneer Press as saying that King had made the offer because he had been unable to make the right deal for Tyson to fight the champion, Evander Holyfield. Foreman lost a 12-round decision to Holyfield on April 19.

For the Record

Franco Ballerini of Italy won the 230-kilometer (143-mile) 14th stage of the Giro d'Italia between Turin and Morbegno on Sunday. His compatriot, Franco Chioccioli, retained the overall lead. *(Reuters)*

AS Roma won the Italian Cup on Sunday, holding Sampdoria to a 1-1 draw in the second-leg match. AS Roma had trounced Sampdoria, 3-1, in the first leg. *(AFP)*

A safety gave Pacific Lutheran University of Tacoma, Washington, a 22-20 victory over **Evangel College of Springfield, Missouri,** on Saturday in Guangzhou, China. It was the second of three exhibition games that the two squads are to play in China. *(AP)*



Sue Ogrocki/Reuters

Ryne Sandberg, the Cubs' second baseman, leaping to avoid collision as Brett Butler of the Dodgers broke up a double play.

Morris and Twins Keep Streak Going

The Associated Press

Jack Morris gave up two runs and five hits in eight innings Sunday as the Minnesota Twins defeated the Cleveland Indians, 9-2, in Minneapolis for their eighth consecutive victory.

Morris, 7-5, who won his fourth consecutive game, has pitched into the eighth inning in his last four starts. He improved his lifetime record against the Indians to 28-9. He needed ninth-inning relief help from Steve Bedrosian.

The streaking Twins last won eight straight games in May 1988. The club record is 12 in a row, set in September-October 1980. The Indians lost their fourth straight game because of a sputtering offense, scoring two or fewer runs for the seventh consecutive game.

Shane Mack hit a three-run homer in the seventh and scored twice to pace the Twins' attack.

The Indians spoiled Morris's shutout in the sixth, when Joel Skinner reached base on a fielder's choice, took second on a passed ball by Brian Harper and scored on Mark Lewis's single.

White Sox 8, Royals 2: Jack McDowell retired the first 18 batters and finished with a four-hitter as Chicago completed its first three-game sweep in Kansas City, Missouri, since 1974. McDowell, 7-3, who two-hit Detroit on April 13, had three strikeouts and two walks while pitching the White Sox to their fourth straight victory.

He lost his no-hit bid and shutout in the seventh inning. Gary Thurman hit a soft single into right leading off, then Kirk Gibson drew the Royals' first walk. After George Brett flied out, Jim Eisenreich hit an RBI single into center field.

Yankees 6, Rangers 4: Rookie Pat Kelly hit a two-run homer in

AMERICAN LEAGUE

the eighth to give red-hot New York a 6-4 home victory over Texas, sending the reeling Rangers to their seventh straight defeat.

The Yankees, who swept the three-game series, have won 12 of 16 games to get into the American League East race. During the streak, the Yankees have won six times in the final at-bat.

■ *In games Saturday, The Associated Press reported:*

Twins 2, Indians 1: Scott Erickson won his ninth straight decision, and Chili Davis snapped a scoreless tie with a bad-hop double in the sixth. Erickson allowed nine hits in 8⅓ innings and lowered his major-league-leading ERA to 1.53 while striking out seven and walking two.

Red Sox 8, Athletics 1: Roger Clemens gave up one run and two hits in eight innings to win for only the second time in his last six starts for Boston. It was Clemens's first appearance in Oakland, California, since Game 4 of the American League playoffs in October, when he was ejected by the home plate umpire, Terry Cooney.

The only run Clemens allowed was Dave Henderson's 15th home run in the second inning. Wade Boggs had three of Boston's 12 hits and drove in a run.

Yankees 10, Rangers 7: In New York, Jesse Barfield's three-run homer — the first of four home runs by New York — capped a five-run first. Wade Taylor, making his second major league start, got the victory, despite allowing eight hits and four runs over the first five innings.

Blue Jays 8, Orioles 4: Toronto, playing in Baltimore, broke a tie with six runs in the eighth, and Jimmy Key won his fifth straight decision.

Joe Carter had three RBIs and Roberto Alomar stole a career-high four bases for Toronto.

White Sox 14, Royals 7: Tim Raines had four RBIs as Chicago got 18 hits and matched its biggest run production this season. Every Chicago starter had at least one hit — including a three-run homer by Carlton Fisk — and all but Raines scored.

Mariners 6, Brewers 2: Alvin Davis hit a three-run homer, and Seattle's Rich DeLucia pitched well on short rest as the Mariners, playing at home, defeated Milwaukee.

Davis hit a 2-0 pitch from reliever Kevin Brown to give Seattle a 4-2 lead in the sixth inning after Edgar Martinez and Tracy Jones singled off Bill Wegman. DeLucia, who pitched two innings in Detroit on Wednesday night, allowed four hits, struck out three and walked one in six innings.

Tigers 4, Angels 3: In Anaheim, California, Lou Whitaker's three-run homer off Jim Abbott in the eighth gave Detroit its fourth straight victory.

Abbott was nursing a 3-1 lead, five outs shy of his sixth victory in a row, when Andy Allenson singled with one out. Tony Phillips drew the first walk allowed by Abbott, then Whitaker hit a 2-0 pitch for his eighth homer.

Benes and Gwynn Lead Padres Past Pirates, 5-3

Compiled by Our Staff From Dispatches

Andy Benes pitched a six-hitter over 8⅔ innings and National League batting leader Tony Gwynn went 2-for-4 and drove in the go-ahead run Sunday to lead the San Diego Padres to a 5-3 victory over the Pirates in Pittsburgh.

The Padres have won eight of their last 10 games while the Pirates have dropped three of four.

Benes walked two and struck out three before yielding a two-run homer to Bobby Bonilla in the ninth. Craig Lefferts came on to strike out Barry Bonds for the final out and record his 13th save.

Gwynn extended his hitting streak to 15 games, the longest current streak in the league and raised his average to .373.

Giants 3, Cardinals 2: Kevin Bass's two-run single broke an eighth-inning tie in St. Louis, Missouri, for San Francisco's sixth victory in eight games. Greg Litton homered for San Francisco and John Burkett, 4-3, gave up three hits and one run in eight innings.

One of St. Louis's hits was Gerald Perry's homer in the seventh inning, the Cardinals' first home run in 19 games. Perry also had an RBI single in the ninth to chase Righetti.

Braves 8, Expos 6: David Justice hit two two-run homers to help Tom Glavine become the major league's first 10-game winner with his eighth victory in a row as Atlanta, playing at home, defeated Montreal. Justice broke a 3-3 tie in the fifth inning with his second two-run shot off Mark Gardner. Justice's 10th homer of the year came after Tommy Gregg had walked.

Justice's other two-run homer came in the first after Gregg, appearing for the first time since going on the disabled list April 28, singled with two outs.

NATIONAL LEAGUE

Astros 1, Mets 0: Pete Harnisch pitched a three-hitter and struck out a career-high 11 in Houston. Harnisch, who came to Houston from Baltimore in the Glenn Davis trade, threw his first major-league shutout. The only run he needed came on Ken Caminiti's RBI double in the sixth off New York's David Cone.

Harnisch has been hampered by poor support this season. He pitched a complete-game two-hitter at Pittsburgh on May 3 and lost 1-0. In his most recent start, he allowed three hits over eight innings and struck out seven but lost 4-1 to Montreal.

Reds 6, Phillies 3: In Cincinnati, Glenn Braggs hit a pair of sacrifice flies to erase a two-run deficit and Barry Larkin homered and singled in a run to defeated Philadelphia.

Chris Sabo had an RBI single, a double and a triple off Terry Mulholland, 6-5, to help the Reds overcome a 2-0 first-inning deficit. Sabo singled home a run in the first, doubled to set up Braggs's sacrifice fly in the third, and tripled in the fifth and scored on Braggs's other sacrifice fly for a 3-2 lead.

Dodgers 6 Cubs 3: Orel Hershiser, taking a huge stride in his comeback, pitched and batted the Dodgers to victory in Chicago. Hershiser, 1-1, allowed two runs, six hits, walked one and struck out six in seven innings for his 100th career victory. It was Hershiser's first victory since April 19, 1990, before he underwent surgery to reconstruct his right shoulder.

Hershiser also had key singles in the fifth, when the Dodgers scored a pair to tie the score, and in the seventh, when they broke the tie with three runs. *(AP, UPI)*

■ *In games Saturday, The Associated Press reported:*

Mets 4, Astros 3: Howard Johnson hit a hard ball to center field in the Astrodome for a homer to give New York the victory over Houston in 11 innings. Johnson hit the shot an 0-1 pitch from Mike Capel, who was called up from the minor leagues on Friday.

Padres 11, Pirates 0: Mike Maddux, a last-minute starter when Adam Peterson was scratched with a stiff shoulder, allowed two hits in six innings and San Diego touched the Pirates' staff for 18 hits in Pittsburgh.

Cubs 4, Dodgers 3: In Chicago, Chico Walker's run-scoring pinch single and a bases-loaded walk to Mark Grace keyed a two-run rally in the seventh that carried the Cubs past Los Angeles.

Braves 7, Expos 6: Dave Justice hit a two-run triple in a three-run seventh as Atlanta held on to beat Montreal. Mike Stanton got the victory and Kent Mercker pitched two innings for his fourth save.

Phillies 4, Reds 1: Jim Lindeman and Von Hayes each drove in two runs, and Jose DeJesus survived early control problems as Philadelphia won in Cincinnati.

DeJesus walked five in the first three innings, but twice the Phillies bailed him out with double plays.

Cardinals 3, Giants 2: In St. Louis, Missouri, a throwing error by the San Francisco third baseman, Mike Felder, allowed Geronimo Pena to score from second base in the 10th inning as St. Louis overcame poor base running to win.

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Evan Connell: An Instinct for Insularity

By Barry Siegel
Los Angeles Times Service

SANTA FE, New Mexico — Standing in the lobby of the Greer Garson Theater at the College of Santa Fe, Evan S. Connell studies the disorderly scene before him with muted consternation. This is not an environment he enjoys. More than 100 people

Despite himself, Connell finds he is drawing wide attention.

are jammed together in a serpentine line that winds up and down through the lobby, aimed toward a single ticket window.

Connell betrays no emotion, but his hands are shoved into his pockets and his eyes are darting back and forth. His dress is informal — wrinkled cotton pants, a flannel shirt, a jacket, rubber-soled walking shoes — but there is something in his courtly presence and the sweep of his exceptional, hooded eyes that gives him the intimidating look of a Mongolian warlord.

Lured this night from his normal solitary routine to hear a reading by a friend, the author Peter Matthiessen, Connell is already entertaining second thoughts. His aversion to crowds goes beyond the problem of physical jostling. Exposure to lots of people requires him to listen to conversations and watch behavior he'd rather avoid. The bland and the boring, the glad-handers and the chatterers encourage him to flee. "Nothing infuriates me more than stupidity," he says.

This instinct for insularity is revealed in the trajectory of his writing career. At 66, Connell can claim one of the most varied and accomplished bodies of work in the contemporary literary world. He has written short stories, novels, poetry, historical essays and nonfiction on topics ranging from General George Armstrong Custer's ill-fated mission ("Son of the Morning Star") to the lure of pre-Columbian art ("The Connoisseur"), from the blandly provincial upper middle class of Kansas City ("Mrs. Bridge" and "Mr. Bridge") to a psychological portrait of evil ("Diary of a Rapist").

He has had both critical and commercial success: His two best-sellers, "Mrs. Bridge" and "Son of the Morning Star," are regarded as classics. He was honored by the American Academy and Institute of Arts and Letters in 1987 and has been nominated for a National Book Award. He is widely admired by his peers. "One of our most interesting and intelligent American writers," said Joyce Carol Oates.

To the general public, though, he has remained virtually anonymous, and that is largely a result of his own predilections.

Connell won't do book tours, author signings or television interviews. He doesn't give readings or talks. A consummate Westerner who lived for 35 years in the San Francisco Bay Area before moving to Santa Fe in 1989, he makes a point of avoiding New York and its publishing circle. Above all, Connell is not much inclined to consider readers' expectations.

After his first novel, "Mrs. Bridge," became a best-seller in 1959, and again after the success of "Mr. Bridge" a decade later, Connell followed with distinctly different and less accessible books. Readers expecting triumphs of realist fiction found themselves instead thumbing through "Notes From a Bottle Found on the Beach at Carmel" or "Points for a Compass Rose," highly regarded but obscure book-length prose poems involving the disembodied voices of prophetic, visionary voyagers.

Despite himself, though, Connell now finds that he is drawing wide attention. The feature film "Mr. and Mrs. Bridge" with Paul Newman and Joanne Woodward, based on his two early novels, and the broadcast on television in February of the miniseries "Son of the Morning Star" have made him a recognizable if not brand-name author.

"He certainly is going to be well-known now," says his longtime literary agent, Elizabeth McKee.

Whatever else might be said about his new novel, "The Alchymist's Journal," published by North Point Press in May, it is going to puzzle many readers newly drawn to him by the splendid storytelling of the Custer history. Once again, Connell serves up disembodied voices — this time, the imagined diaries of seven pre-Renaissance alchemists. North Point, admiring but anxious, thought it wise to craft a 31-page "reader's guide" to go with the book. Even with the guide, early reviews in industry journals sound perplexed.

Daniel Pushkin/Photopress

"I'm just not going to manufacture something."

When he first started work on "The Alchymist's Journal" six years ago, he casually told an interviewer that it would "lose money" for whoever published it. Now, because of the publicity he has received and a suggestion from his publisher to cool such talk, he has revised his estimate — he thinks it will break even.

"It can't be helped," he says. "I do care about readers and sales; after a book's out, I hope it sells like gangbusters. I'm just not going to manufacture something, though. Once in a while I do something that corresponds with popular interest, but I don't want to mechanically repeat myself."

Connell cultivates a private, unchanging routine. Up at 7:30 A.M., he strolls down the hill from his two-bedroom condominium to breakfast at the Burrito Company, just off Santa Fe's historic plaza. He's at his desk by 9 A.M. He stops work at 7 or 7:30 P.M. and hikes back down the hill for drinks and dinner at one of several regular hangouts.

Connell's barriers block not just most people but also much of the modern world. Connell favors the stately harmony of 18th-century chamber music to rock or jazz. He walks out on most movies he attends, the record for brevity of endurance being a film he left when the opening credits were still rolling: "It was set in Egypt, can't remember the title, but a guy in a sword fight stopped to smile at a woman." His TV set comes out of the closet only for football games. "The television set is a machine," he explains. "I don't like the look of it."

Connell does have a network of friends, though, some going back to his days in the early '50s on the Left Bank of Paris, others from his long tenure in the San Francisco Bay Area.

"He's not withdrawn or reclusive," said Nancy Wood, a Santa Fe writer and photographer. "He is a very shy man who lives inside himself, who lives inside his own mind. He is a gentleman of the old school, an anachronism, a 19th-century man."

"Evan wants two things — writing and freedom — and enjoys both," says the writer, actress and singer Gale Garnett, his longtime friend and former lover. "Evan's mouth doesn't move much, but he does talk. He burns bright, just not noisy, and people want him to make noise. He won't do conspicuous things. Evan is what they used to call a very old soul."

Connell's condominium, part of a low-density development, lacks charm but is a distinct upgrade from the bare, cramped, three-room apartments he occupied for years in the Bay Area. From his balcony, Connell points out the grand views of vast rolling plains rising to the Jemez Mountains on the west and the Sandia Crest on the south. Inside there are painted white-brick walls, a burnt-orange carpet and basic furniture inherited from the previous owner. A chandelier hangs low over an empty alcove where a dining table is supposed to be. The second bedroom, outfitted as his office, holds six small bookcases, a low table and a 30-year-old manual Olympia portable typewriter.

That's all — except for the dozens of pieces of pre-Columbian pottery and figurines placed casually throughout the apartment.

"My only indulgence," he explains, picking up one piece. "I shook this one once and a pebble fell out through a hole. I couldn't help but think — no one has seen this pebble for 800 years."

Connell's great supporter in recent years, North Point Press, will stop publishing new books in July, so Connell may have to turn to the more mainstream houses that were skeptical of his past work.

"I will miss North Point," Connell laments. "If they could only have sold six or seven thousand copies of each book they released, they could have survived, but they couldn't even do that. I'm resigned to it. This is a TV culture. You can't change that."

LANGUAGE

Choking Up on Hygiene

By William Safire

WASHINGTON — "Dear Postal Customer:" begins this communication from the United States Postal Service, formerly the U. S. Mail, forwarded to me by Phyllis Agard of Amherst, MA. "Recently you received a brochure from the U. S. Postal Service concerning the coming of automated sortation and the need for proper address hygiene."

We need not look askance, as Agard does, at *automated sortation*. I would call it *automatic*, or *mechanical*, because it does not employ the principle of feedback (self-control by machine, as in a thermostat) that is the essence of automation, and *sorting* is preferred on historical principles. But these are matters of judgment and taste, and an outfit that eschews the plain word *mail* for the pompous phrase *postal service* is at least consistent in choosing the costly-sounding *automated sortation*.

But "proper address *hygiene*"? That word, derived from the Greek to mean "the science of maintaining health," is sickened by such usage. We can debate the difference between *healthy*, "being in good health," and *healthful*, "contributing to good health," but the stretching of *hygiene* — with its habits of brushing your teeth, taking a shower now and then, wiping the mouth of your pop bottle on your sleeve before handing it to your neighbor — into the realm of addressing envelopes is beyond the linguistic pale.

In choosing this term, our postal servants are not suggesting we refrain from licking stamps that others have previously licked — an unhygienic act — but are urging us to use ZIP codes to assist its machines and to abbreviate each state's name in a manner that is not confusing to them. (MA, written as USPS suggests, without a period, stands for Massachusetts, not for Maine or Mother.) "By using this address information correctly," the Postal Service writes, "it will enable new automation equipment to sort your mail to it's proper destination."

Unclean! Unclean! The introductory phrase containing a gerund, *by using this address information correctly*, cries out for attachment of the action to a person; *following it with it* leaves it hopelessly dangling. And there is no need to spend millions for computer software to catch the simplest grammatical errors; a large dog can be trained to sink its teeth into the hand of anybody inputting an apostrophe in the possessive *its*.

□

To strike an ingratiating pose of fallibility, I occasionally insert a metaphoric mistake or usage error in a political essay or language column.

"Did you really mean to say," writes Mark Lasswell of New York, "that in failing to keep Saddam Hussein's helicopters grounded, President Bush 'suddenly *choked up*'?"

Baseball players *choke up* on their bats — sacrificing power for accuracy by allowing an inch or two of wood below the grasp — but this was not the image I had in mind in this polemic. Nor was *choke up* intended to mean "become emotional or sentimental" in my usage. "I doubt you were saying," writes the relentless Lasswell, "that Mr. Bush got all *choked up* about rebellion," since his reaction at first was dismayingly dry-eyed.

My mistake was in the use of *up*. "I believe you meant to say that Mr. Bush *choked* — minus the *up* — meaning that when presented with a stern challenge, the president collapsed on a sofa and began fanning himself. Uncharitable observers usually illustrate this inability to deliver in the clutch by grabbing their throats while their eyes bulge and their tongues loll out of their mouths. I think I saw General Colin Powell doing it on television the other day when Mr. Bush's back was turned."

For slang synonymists outside of baseball, this lesson: *to choke up* means "to become visibly affected, on the verge of tears"; *to choke* — without the *up* — means "to flinch from a challenge."

□

In suggesting that the United Nations Security Council choose a troika of Margaret Thatcher, Yaqub Khan and Eduard A. Shevardnadze to be the next secretary general, I wrote in my political column: "This modest proposal will be met with hoots and harrumphs from the dovecote on Turtle Bay."

"I have been around dovecotes for years," writes Arnold Beichman of the Hoover Institution at Stanford (but not of Stanford), "but never, never, never did I ever hear 'hoots and harrumphs' coming from such informed quarters. What kind of dovecote do you have, or is it one of those mixed-up metaphors?"

Of course, the sound that comes from a dovecote is described as "cooing," with an occasional little liberal "peep" from the newly hatched.

□

Finally, a passing reference to Secretary of State James A. Baker 3d in my essay used a word that scrapes a fingernail across the blackboard: "The president has learned something that his manager-mentee has not."

"*Mentee?*" writes the shocked James B. McCloskey of Norfolk, Virginia. He had heard this word used by broadcast journalists, and had dismissed it as the misnomer for a beneficiary of the efforts of a *mentor*, a word meaning "trusted counselor or teacher" derived from the name of the teacher to whom Odysseus entrusted the education of Telemachus, his son. But "surely, William Safire wouldn't misconstrue the meaningless final two letters of a proper name — *Mentor* — as representing the *-or* suffix denoting one *performing the act described by the root verb.*" Because *ment* is not a verb that led to *mentor*, it cannot lead to *mentee*. "Whence came this abomination?"

I was hoping to get good mail on that. *Mentee* was first used in letters from Linda S. Benedict and Bonnie K. Shimahara published in Business Week on Nov. 20, 1978. In 1986, I noted that Citibank had issued a "Mentor/Mentee Profile," and opined that "the use of *-ee* as the automatic complement to *-or* should be resisted." This especially applied to eponymous words and things to which good labels had already been attached; in the case of *mentee*, it seemed an unnecessary addition to *protégé* or *fellow*.

For "one who is under a mentor's wing," *fellow* does not work. In academia and at think tanks, fellowships abound, but in ordinary speech, *fellow* is too often associated with a male person. *Protégé* has a musical-world connotation and means "one being promoted or put forward"; that French word is not taking root in the business world. People there seem to prefer being known as *mentees*.

This does not mean I will buy *sponsor/sponsee* or *metaphor/metaphee*, but let's suspend the abominating of *mentee*. Give it a break. Help it along.

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Imprimé par Offprint, 73 rue de l'Evangile, 75018 Paris.